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ASX AND MEDIA RELEASE

Consent granted to drill Heron-2

Key Points:

- **NT government grants consent to drill Heron-2**
- **NOPSA approves Heron-2 Safety Case**
- **Blue Marlin and West Atlas drilling rig due to arrive in Darwin tomorrow**

MELBOURNE, AUSTRALIA (October 3, 2007) -- MEO Australia Limited (ASX: MEO) advises that yesterday the Northern Territory Department of Primary Industry, Fisheries and Mines granted consent to drill the Heron-2 well in the Company's Exploration Permit, NT/P68.

MEO had previously received Commonwealth consent under the Environmental Protection Biodiversity and Conservation Act to drill the proposed wells, however, the territory government coordinates and is responsible for the approval of the Environment Plan and Safety Case which set the operational and safety guidelines for the drilling campaign.

The West Atlas jack-up rig is being transported to Darwin on the heavy lift vessel, Blue Marlin. The vessel was expected to arrive earlier in the week but its departure was delayed by busy shipping movements in Singapore harbour and persistent headwinds slowing the Blue Marlin's speed during the 1850 nm (3200 km) journey to Darwin. The West Atlas is now scheduled to arrive in Darwin harbour on Thursday afternoon, October 4, 2007.

MEO expects to spud Heron-2 on or about October 11, 2007.

C.R. Hart
Managing Director
3 October 2007

West Atlas Jack-up rig loaded onto the Blue Marlin in Singapore harbour





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Media Background

BLUE MARLIN, WEST ATLAS & NT/P68 PERMIT

October 3, 2007

The Blue Marlin is a heavy transport vessel which is able to carry fully integrated ultra heavy and large cargo, including floating production platforms, ships and drilling platforms. Its gross weight is 53,000 tons.

It is expected to arrive in Darwin harbour on Thursday afternoon, October 4, carrying the new build jack-up drilling rig, West Atlas, owned and operated by Seadrill Drilling Management. The vessel was expected to arrive earlier in the week but its departure was delayed by busy shipping movements in Singapore harbour and persistent headwinds slowing the Blue Marlin's speed during the 1850 nm (3200 km) journey to Darwin.

Blue Marlin will partially submerge itself in Darwin harbour to enable the West Atlas rig to float free. The rig will then be towed to the drilling location.

West Atlas weighs approximately 10,000 tons (dry weight) and its legs stand 517 feet (157 metres) high. When the legs are lowered and bed into the sea floor the rig's platform will be elevated approximately 15-20 metres above sea level. The rig's clearance above sea level will depend on expected wave heights.

West Atlas has been contracted by MEO Australia and Coogee Resources for their respective drilling programs in the Timor Sea. These combined programs are expected to last for 12 to 14 months.

MEO will use the West Atlas to initially drill two wells in its Exploration Permit NT/P68, which is in the eastern Bonaparte Basin in Australian waters in the Timor Sea, approximately 220 kilometres northwest of Darwin. The first well is called Heron-2.

Given the arrival delay into Darwin harbour, the well spud date is expected to be October 11.

Heron-2 will target the two gas bearing formations observed in the Heron-1 well which was drilled in 1972 by Arco.

The next well is anticipated to be Heron-3, which would test the commercial produce-ability of hydrocarbons in a 500 metre horizontal section through the Darwin Formation, the reservoir section of the large Epenarra structure.

MEO also has the option to drill a third well with the West Atlas rig following the Coogee drilling program.

West Atlas jack-up is capable of working in 120 metres of seawater (depth), but the MEO wells are in relatively shallow water (35 to 65m). Using a jack-up rig results in a significant well cost saving when compared to a semi-submersible rig which is required for deeper waters.

The Heron-2 well will be the first drilling operation for the West Atlas. It is a modern rig with screen based control systems and automated loading systems for drill pipe and casing. These systems are expected to reduce drilling time and enhance operator safety.

The Managing Director of MEO Australia, Chris Hart said the wells were targeting the two gas bearing horizons in the Darwin formation and the deeper Elang/Plover Formation that had been observed in the Heron-1 well. The Elang/Plover Formation is the conventional and proven sandstone hydrocarbon reservoir in the Eastern Bonaparte Basin.

He said MEO's drilling program would utilize a number of Darwin's service and logistic support companies. MEO has established a site office in Darwin as a logistics base to store drilling equipment. The project will require regular shipping and helicopter movements to support the rig. The rig's consumables and equipment would be supplied from Darwin and all crew movements would also originate from the city.

In May 2007, Petrofac Energy Developments (Petrofac) executed a farm-in agreement to earn a participating interest in MEO's permit, NT/P68. Petrofac agreed to meet 25% of the well costs associated with the 2007 two well appraisal drilling program to earn a 10% interest and has an option to increase this farm-in interest to 15% by funding 37.5% of the well costs.

"Petrofac brings strong engineering, procurement, construction and operational expertise to the NT/P68 joint venture through their EPC and facility management divisions. Petrofac also provides an experienced sub-service team with specific skills in hydrocarbon production from fractured carbonates similar to the Epenarra reservoir. Key Petrofac personnel have joined the MEO team to help manage the 2007 drilling program."

"MEO continues to develop the gas-to-liquid (GTL) production projects that focus on the conversion of natural gas into transportable and marketable commodities; chemical grade methanol and liquefied natural gas (LNG). The current focus for MEO is to establish commercial gas resources for each project from NT/P68," said Chris Hart.

"Confirmation of commercial gas resources in NT/P68 will facilitate the development of the Tassie Shoal Methanol Project and the Timor Sea LNG Project."

"Both projects have secured their Commonwealth environmental approvals and in January 2007 were granted Major Project Facilitation status by the Australian Government. This status ensures that the Government's investment agency, Invest Australia, will work with MEO to progress the projects through any outstanding approvals processes and identify relevant government programs that may assist the rapid development of the projects."

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