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AGGRESSIVE OIL DRILLING CAMPAIGN SET TO COMMENCE IN FEBRUARY 2011

Victoria Petroleum will construct an alternative access route to its Growler oil field in the South Australian Cooper Basin in January 2011 to enable the Company to begin its exploration and development program in February 2011.

All activity in the Growler oil field on the Western Margin of the Cooper Basin ceased in February 2010 when a one in 40 year flood event cut off existing access routes.

Regaining access to the field will enable Victoria Petroleum to recommence oil production from the Growler field and embark on an exploration and development program that will target a significant reserves increase.

By mid-2011, the Company aims to increase net production to over 1,500 barrels of oil per day, and to increase net proved and probable (2P) reserves by over 280 per cent to more than 4.5 million barrels of oil.

The drilling program to achieve this will consist of three development wells in the PRL 15 Growler oil field, and three exploration wells in PEL 104, all of which are on high ground. This is in addition to the two exploration wells already drilled by Santos in ATP 752P (Cuisinier-2 and Barta North-1) in late 2010.

Managing Director Ian Davies said construction of the new access road was critical to achieving the mid-2011 targets.

“We have been working hard over the last six months to find a window of opportunity to access our oil fields. Although another flood surge is expected in mid-February 2011, we are acting decisively and aggressively to restart operations and build momentum for 2011.

“Following our successful capital raising and recruitment of key staff, Victoria Petroleum is in an excellent position. We have the funding and in-house expertise to deliver this vital infrastructure and make immediate progress on our bold growth strategy in the Cooper Basin,” he said.

Victoria Petroleum is working closely with the South Australian Government to secure approvals for the access road and expects to commence construction in early January 2011. The Company expects to regain full access to the Growler oil field in February 2011 for several weeks before the next flood surge.

In this time, earth moving machinery, as well as an additional drilling rig and associated equipment will be moved to site. This will enable the 2011 drilling campaign to commence immediately. The location and design of this access road will also enable a rapid return to operations following any subsequent inundation.

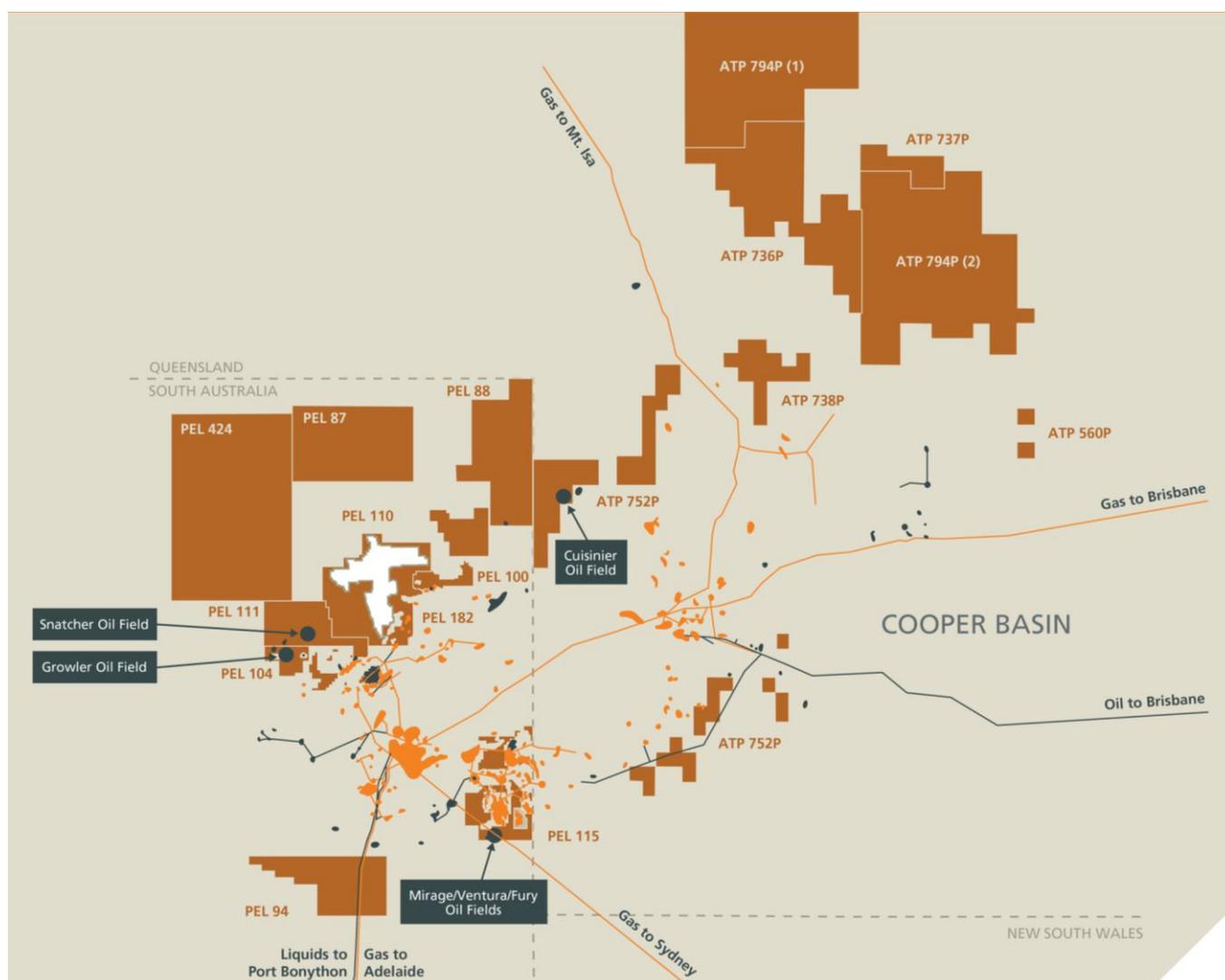
“Coupled with the \$71 million coal seam gas appraisal program with QGC in the eastern Surat Basin and the planned exploration program at the Don Juan project in the western Surat Basin, 2011 is shaping up to be a transformational year for the Company,” Mr Davies said.

Victoria Petroleum holds a 60% joint venture interest in the Growler oil field and is the Operator. The remaining 40% joint venture interest is held by Impress Energy Limited. Victoria Petroleum also currently holds a 20% relevant interest in Impress Energy Limited.

For further information contact

Ian Davies
Managing Director
Victoria Petroleum N.L.
(07) 3837 9900

Victoria Petroleum Oil Permits



Competent Person Statement

Information for this report was compiled by J T Kopcheff BSc (Hons Eco. Geol), FAIMM, MAAPG, MSPE, MPESA, with 38 years' experience in petroleum geology and geophysics.