



VICTORIA PETROLEUM N.L. A.B.N 50 008 942 827

Incorporated in Western Australia

14 January 2008

Company Announcements
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

Carnarvon-1 well recovers gas - reserves certification to proceed, Don Juan Coal Seam Gas Project, Surat Basin, QLD

Victoria Petroleum N.L. has been advised by the operator Bow Energy Limited (Bow) that as of 0600 hours 14th January 2008, the third exploration well of the Don Juan CSG (Coal Seam Gas) Joint Venture (Bow 45% and operator), Carnarvon-1, is currently at 246 metres depth and drilling ahead to a planned total depth of 300 metres. Following wire line logging, the well will be cased and suspended as a future production pilot CSG well.

The Carnarvon-1 well has encountered about 13.5 metres of coal to date (estimated from chip samples) along with free gas flows from 74 metres to the current depth (see attached photo of a flow test at 246 metres taken yesterday). The well is located approximately 19 km east of Orallo North-1 and 20 km southeast Taringa South-1 as indicated on the attached map.

Reserves Certification Appraisal Program to Proceed

A proposed reserves certification program consisting of six core holes and eight firm plus four contingent pilot wells has been approved by MHA Petroleum Consultants in Denver (MHA) acting as advisers and reserves certifiers. A coring rig has been secured and will be used along with the current drilling rig to carry out the program with the initial target of 200 PJ of 2P reserves by the end of 2008.

Commenting on the drilling results of the Carnarvon-1 CSG well, Vicpet managing director John Kopcheff said:

“Vicpet is pleased to see a gas recovery from this well, the third well in the Don Juan Coal Seam Gas Project in the Surat Basin. This will be the first CSG well for Vicpet in 2008 out of the programmed 18 well Don Juan CSG Project drilling program.”

The Don Juan CSG Project is located immediately west of Sunshine Gas Ltd's Lacerta CSG Project which touches on the south eastern corner of the Don Juan Project area permit. The Lacerta Project currently has certified methane gas reserves of 469 PJ (2P) to 1097 PJ (3P).

The operator, Bow interprets the primary CSG fairway continues west from Lacerta extending into the Don Juan Project area where it overlies about 900 square kilometres of the interpreted fairway.

The Don Juan Project area Joint Venture Phase 1 exploration/appraisal program consists of flow testing the initial three pilot wells, and a 16 well program of coring and additional pilot wells as required to achieve commercial reserve certification over a target area of 320 sq km.

The planned timing for the commercialisation of the Don Juan CSG Project coincides with the projected increase in demand and resultant upward pressure on prices for natural gas in the Eastern seaboard.

Added to the CSG interests Vicpet has in the adjacent permits to the east in PL 171 and ATP 574P, where up to a further 7 CSG wells are planned to be drilled in 2008, Vicpet is well placed to achieve its aim of making its CSG interests in the Surat Basin of Queensland a “core focus gas area” in addition to its growing exploration and production interests in the “core focus oil area” of the Cooper Basin.

Successful gas reserve certification and subsequent gas sales from the Don Juan CSG Project or any successes in Vicpet’s oil exploration drilling program due to commence in March 2008 in its Cooper-Eromanga and Bowen-Surat Basin project areas in Queensland have the potential to add shareholder value over the next 12 months.”

The participants in the Don Juan CSG Joint Venture are:

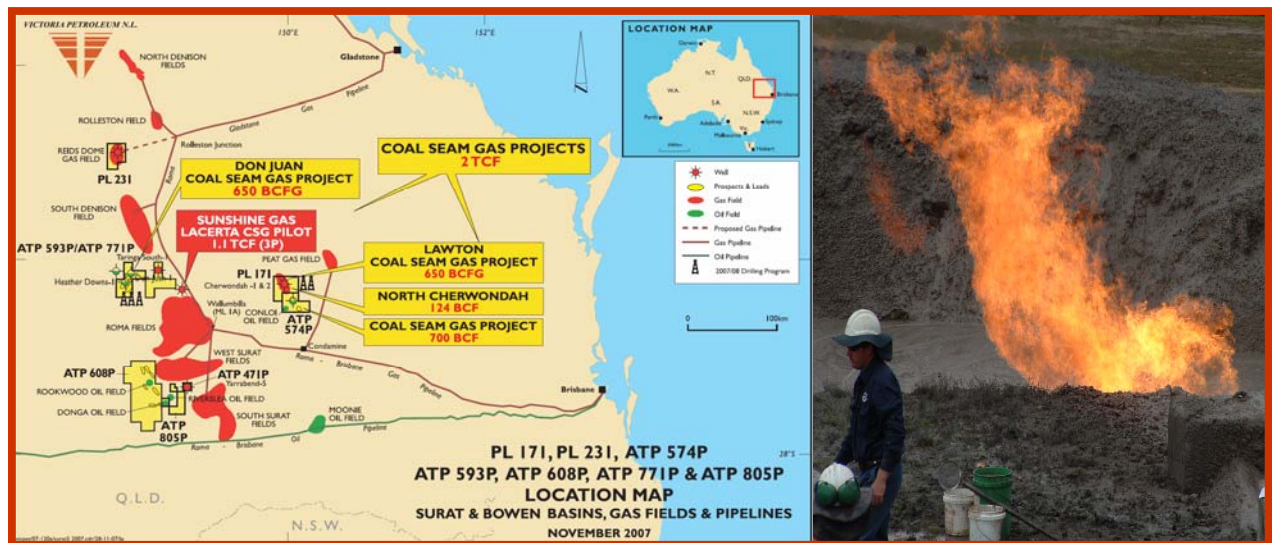
Victoria Petroleum NL	45%
Bow Energy Ltd	45% (Operator)
Private interest	10%



JOHN KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM N.L.

Information of this report was completed by the Managing Director of Victoria Petroleum N.L, J T Kopcheff BSc (Hons Eco.Geol), FAIMM, MAAPG, MSPE, MPESA, with over 30 years experience in petroleum geology and geophysics.

For information on Victoria Petroleum N. L. drilling activities visit our website at www.vicpet.com.au



Map showing Victoria Petroleum coal seam gas interests in Surat Basin Queensland with Taringa South-1 gas flare 0.37 million cubic feet per day, Don Juan CSG Project, November 2007

