

VICTORIA PETROLEUM N.L.

ABN 50 008 942 827

Incorporated in Western Australia

1 February 2010

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

**DRILLING REPORT FOR WALLOON COAL MEASURES COAL SEAM GAS PROJECT,
PL 171, SURAT BASIN, QUEENSLAND**

Victoria Petroleum NL (Vicpet) has been advised by QGC Limited (QGC), a BG Group business and the operator for ATP 574P, that during the past week drilling operations commenced at Paradise Downs-3 with the current operation at Paradise Downs-3 carrying out open hole drill stem tests over the Walloon Coal Measures after having drilled the well to a total depth of 506 metres.

Paradise Downs-3 is the first well to be drilled by QGC in PL 171 in 2010 and is the first of the wells planned for the current drilling program. A follow on exploration, coring and appraisal drilling program of up to 12 wells is planned over the next 12 months. This drilling program is planned to continue the evaluation of the Coal Seam Gas (CSG) bearing potential and deliverability of the Walloon Coal Measures.

The aim of this initial and planned follow drilling over the next six months is to prove up an initial certifiable gross recoverable CSG reserve for PL171 by the end of 2Q 2010. The Walloon coals in the permit are interpreted to have a potential CSG resource in place of up to 1,000 PJ.

PL 171 is interpreted to be situated in the prime Walloon Coal Seam Gas fairway on the western side of the Surat Basin.

Commenting on the coal seam gas drilling operations in ATP 574P, Vicpet managing director, John Kopcheff said:

“Vicpet is pleased that drilling operations are underway in PL 171 to evaluate that permits interpreted resource of up to 200 petajoules (PJ) of gas in place net to Vicpet. The aim of the drilling program is to establish an initial 2P and 3P coal seam gas reserves base for PL171.

“Added to Vicpet’s CSG interests in ATP 574P immediately to the south and the Don Juan Project to the west, Vicpet is confident of significant future value in its Surat Basin CSG holdings with its interest in a gross 2,700 PJ (~2.5 trillion cubic feet) in place CSG resource.”

Victoria Petroleum N.L. holds a 20% interest in PL 171.

Vicpet’s current certified CSG reserves and Gas in Place (GIP) potential across its Surat Basin Walloon Coal Measures interests are as follows:

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CSG Project	2P Certified Reserves (PJ Net to VPE)	3P Certified Reserves (PJ Net to VPE)	Estimated Gas In Place Potential (PJ Net to VPE)
ATP 574P	-	-	450
PL 171	-	-	200
Don Juan	45	89	119
Total PJ's	45	89	769

In accordance with the Victoria Petroleum continuous disclosure policy for ASX releases, Victoria Petroleum will provide drilling reports to the ASX on a weekly basis and as significant events occur when reports are provided by the operator of its non-operated permits.




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 38 years experience in petroleum geology and geophysics.

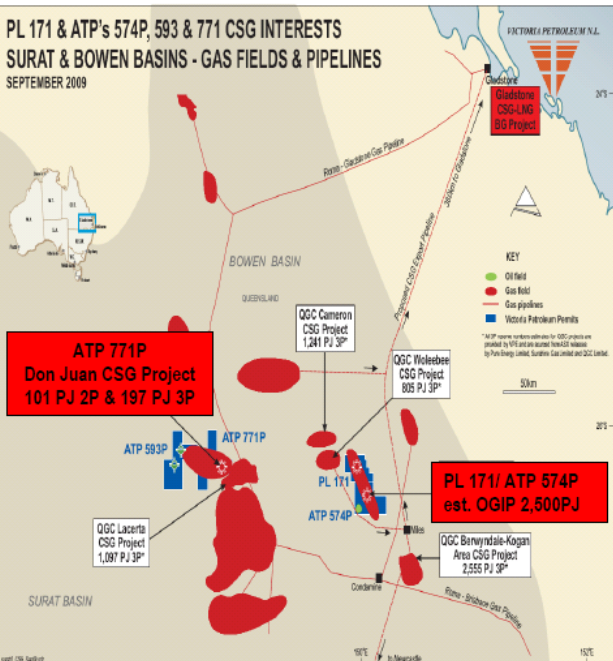
For information on Victoria Petroleum N. L. drilling activities visit our website at www.vicpet.com.au

Competent Person Statement - The estimates of gas reserves and resources for the Don Juan CSG Field have been prepared by MHA Petroleum Consultants, LLC (MHA) in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. The reserve statement has been compiled by Mr Timothy L Hower Chairman of MHA, together with personnel under his supervision. Mr Hower, who has over 28 years industry experience, and MHA have consented to the inclusion of the technical information contained in this announcement.



Coal Seam Gas Projects, Surat Basin Net 540+ PJ Potential

**PL 171 & ATP's 574P, 593 & 771 CSG INTERESTS
SURAT & BOWEN BASINS - GAS FIELDS & PIPELINES
SEPTEMBER 2009**




**ATP 771P
Don Juan CSG Project
101 PJ 2P & 197 PJ 3P**

**PL 171/ ATP 574P
est. OGIP 2,500PJ**

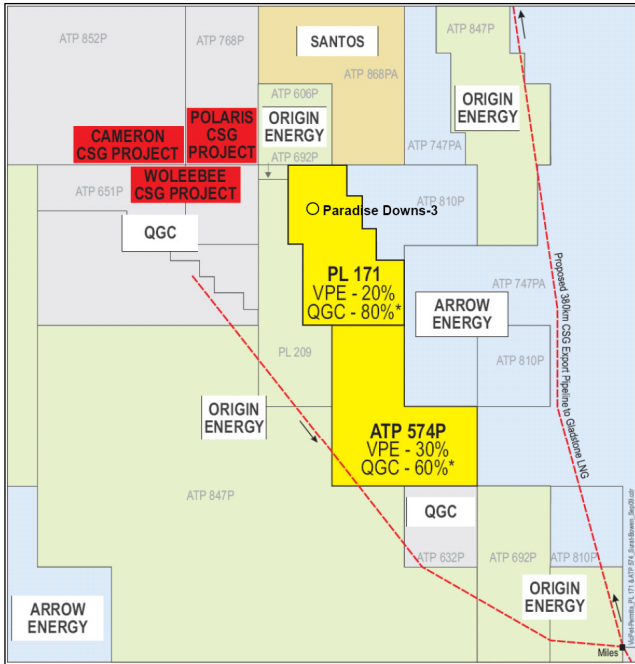
- **PL 171/ ATP 574 Carla/Lawton/Peebs**
QGC operator. VPE 25%
Gross OGIP 2,500 PJ.
VPE est. Net 450 PJ
2P reserve certification drilling re-commenced November 2009
- Positioned in “CSG-LNG pipeline corridor” centred on Gladstone
- ATP 771P – BOW operator.
VPE 45%. Gross OGIP 265 PJ
2P reserves tripled over past year to :
Gross ~ 101PJ - 2P & 197PJ - 3P/3C

**VPE est. Total Net:
45 PJ - 2P & 540 PJ - 3P**

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*All 3P reserve numbers estimates for QGC projects are provided by VPE and are sourced from ASX releases by Pure Energy Limited, Sunshine Gas Limited and QGC Limited.




Prime CSG acreage – PL 171/ATP 574P



**PL 171
VPE - 20%
QGC - 80%***

**ATP 574P
VPE - 30%
QGC - 60%***

- PL 171/ATP 574P CSG Project in “quality” Surat Basin CSG - LNG fairway
- Surrounded by Origin, Santos, Arrow & BG Group permits
- Major development drilling program in 1H 2010 to certify initial 2P reserves
- Gas flared at surface
- Gross potential resource OGIP 2,500PJ
VPE est. Net 450PJ 3P/3C



QGC Production testing Pinelands-1 ATP 574P 2001