



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

Incorporated in Western Australia

31 January 2008
Company Announcements
Australian Stock Exchange Limited
Level 4, 20 Bridge Street
SYDNEY NSW 2000

First core appraisal well Orallo North-2 spuds in Don Juan Coal Seam Gas Project, Surat Basin Queensland

Victoria Petroleum N.L. (Vicpet) has been advised by the operator Bow Energy Limited (Bow) that the first appraisal well Orallo North-2 of the Don Juan CSG (Coal Seam Gas) Joint Venture (Vicpet 45%), has commenced drilling, and is now at 36m depth. The well is located approximately 500m northwest of Orallo North-1, which intersected 19 metres of coal between the bottom of the casing and total depth.

Orallo North-2 is a cored well, which will retrieve coal cores for desorption testing to establish gas contents of the Walloon coal seams. Orallo North-2 is the first of 6 core wells which will be drilled to establish gas contents for reserves certification. In addition, several production wells will be drilled to provide additional information on coal thickness and permeability.

Certification will be undertaken by MHA Petroleum Consultants in Denver (MHA) as advisers and reserves certifiers. MHA will be advising as to optimal well placement and drilling density to achieve 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 start of 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 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 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:

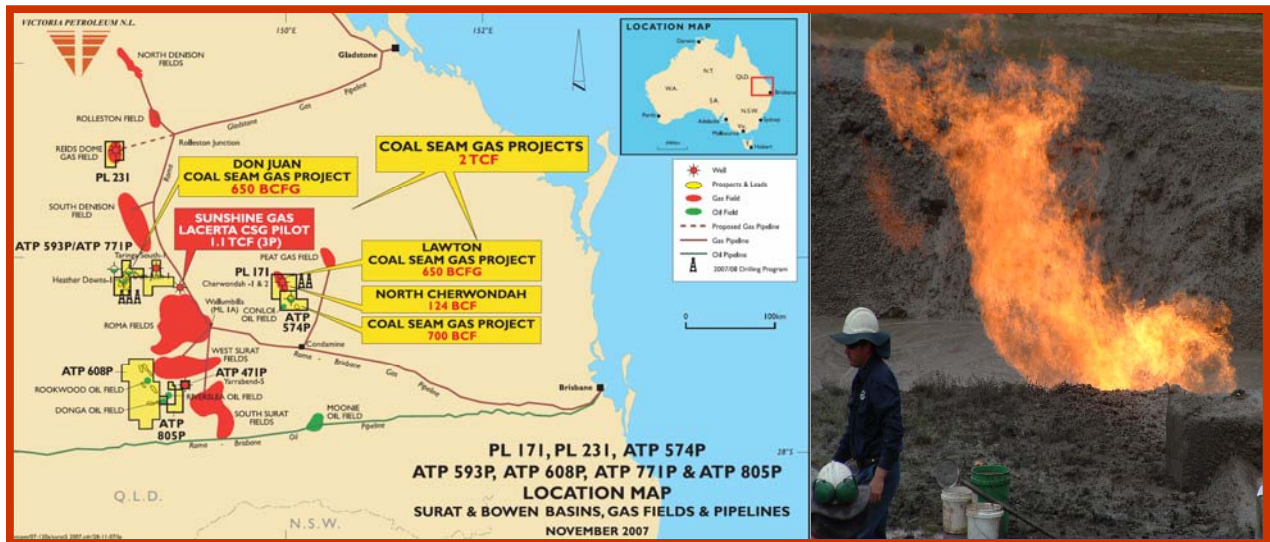
Victoria Petroleum NL	45%
Bow Energy Ltd	45% (Operator)
Private interest	10%



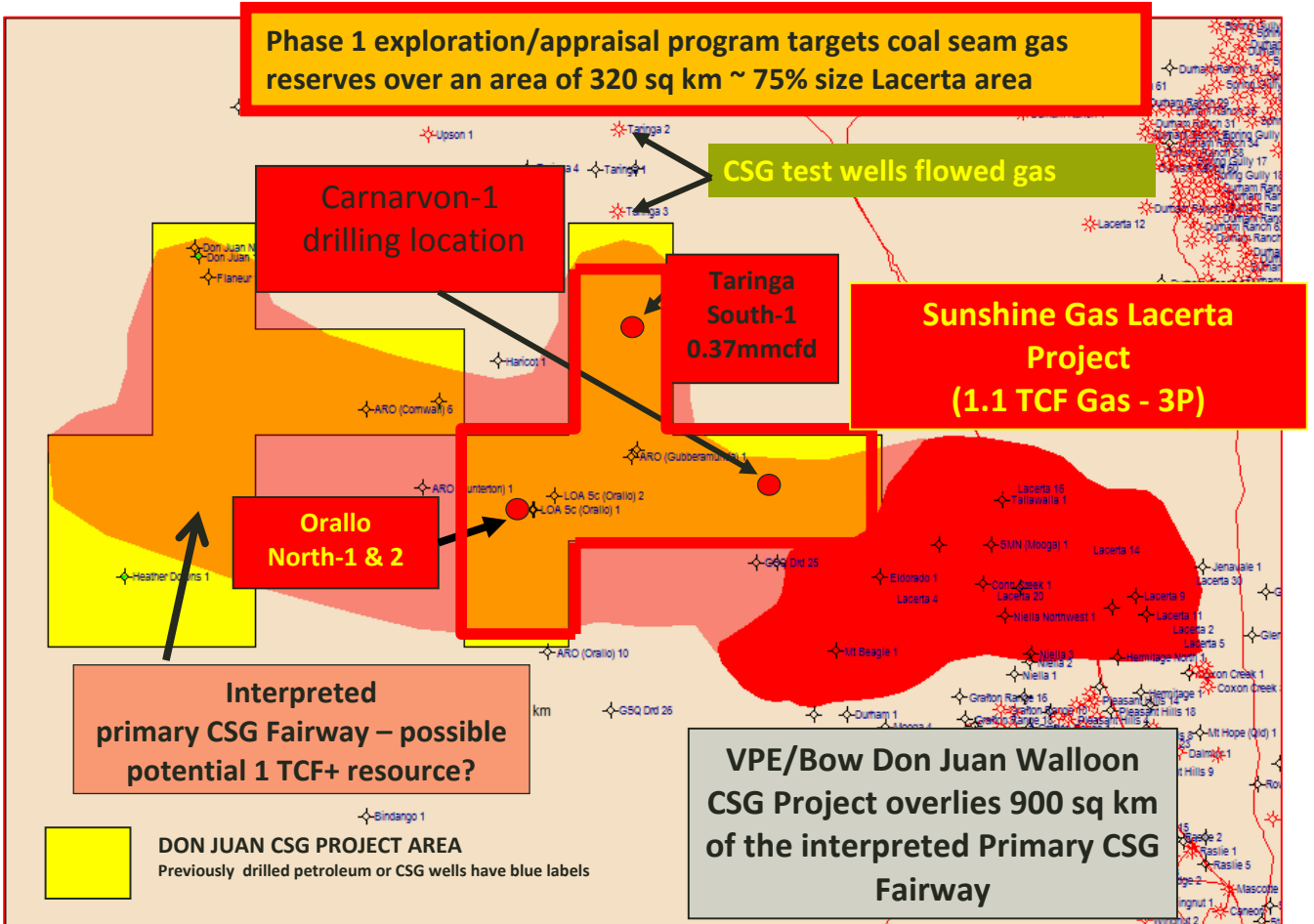
JOHN KOPCHEFF
MANAGING DIRECTOR
VICTORIA PETROLEUM N.L.

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



VICTORIA PETROLEUM N.L. DON JUAN CSG PROJECT AREA, SURAT BASIN