



Thursday, 19 November 2009

**(ASX Code: KAR)**

**ASX ANNOUNCEMENT**

**POSEIDON-2 EXPLORATION WELL IN WA-398-P PROGRESS REPORT NO 7**

Karoon Gas Australia Ltd advises that at 06:00 hours (WST) today, preparations to run 7 inch liner were underway. Since the last report, MDT operations were conducted in interbedded sands below 4600 mRT.

On completion of the running of the 7 inch liner and further drilling, a full set of LWD petrophysical data and mudlog data will be available over the entire interval. Only when all this information is collected will the Joint Venture be in a position to assess the hydrocarbon potential.

After the liner is set and cemented, a 6" hole will be drilled through to the primary Plover reservoir target as seen in the Poseidon-1 exploration well.

The Transocean Legend semi-submersible rig is drilling the exploration well, which is operated by ConocoPhillips.

Poseidon-2 is located in WA-398, on the southern flank of the north-east trending structural high of the greater Poseidon structure. The objective of the well is to test the extent, presence and quality of reservoirs down-dip from Poseidon-1 where the Plover Formation is interpreted to thicken. The well has a planned total depth of approximately 5300 mRT.

As with the recent gas discovery well, Poseidon-1, Poseidon-2 is planned to be plugged and abandoned following final well evaluation and production testing if applicable.

Equity interests of the participants in WA-398-P are:

Karoon Gas (Browse Basin) Pty Ltd	40%
ConocoPhillips (Browse Basin) Pty Ltd	60%

Poseidon-2 Location:

Latitude: 13 deg 40' 07.13" S	Northing: 8 488 802 mN
Longitude: 122 deg 16' 32.25" E	Easting: 421 662 mE

**For further information please see the Karoon website contact:**

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