



## MEDIA RELEASE

### **Oil Discovery – Riddle Well No 7 Kentucky USA**

3<sup>rd</sup> April 2007

The Board of Westralian Gas and Power Ltd (WGP) is pleased to announce a significant oil discovery by its 100% owned subsidiary Sunset Energy LLC on one of its oil leases in Kentucky USA on March 31 2007.

The second of a seven well drilling program, the discovery was at a relatively shallow 995 feet. The flow period was from 9.00am to 4.00pm with a short interruption for the oil transfer. The well was shut in at 4.00 pm having produced approximately 155 barrels over 7 hours.

The oil blew to surface with a strong gas flow into (and over) the mud pit through the boogie line for a distance of over 60 ft through a 4.5 inch pipe (see figures 1 and 2). Managing director Steve Thomas is on the ground in Kentucky directing field operations.

The well's production will now be assessed over the next week to establish a sustainable production level however the oil extracted on the first day has already paid the cost of drilling the well. Sunset Energy has two other targets already permitted to drill in this lease over the next two to three weeks.

WGP Chairman Peter Briggs said the find is very exciting for the Company and a significant step to becoming an established oil producer in Kentucky with immediate revenues flowing to fund further expansion of acreage in Kentucky.

"Cash flow from current oil production, although small is expected to grow in excess of \$1.5 million in 2007. This cash flow will allow the project to grow with an associated increase in production," Mr Briggs said.

From its beginnings in March 2005, as a dedicated Coal Seam Gas explorer the company has developed an exciting portfolio of projects in three distinctive energy resource categories,

1. On-shore Oil Production & Exploration the USA.
2. Off-shore Oil & Gas Exploration in Western Australia and
3. On-shore Coal Seam Gas Exploration in Western Australia.

### **Kentucky USA Backgrounder**

The Company through its wholly owned subsidiary Sunset Energy LLC has built a portfolio of 5 oil leases with a total area of over 2,000 acres in Kentucky USA near the city of Burkesville. The Company is in the process of finalising a sixth acquisition and is actively pursuing a number of other acquisitions. The oil leases are all 100% owned by the Company (through its subsidiary) with the only encumbrance being a 12.5% landowner's royalty on each lease.

The Company is currently assessing a number of producing wells which were acquired with the above 5 oil leases and it expects the oil production from these wells will exceed the original estimate of 15 barrels per day following a re-work program.

The Riddle Well No 7 is the second in a seven well program, which commenced last week with Thomas Well No 1. That well is still in test mode with oil shows at the bottom of the well. Comparable wells in the area have taken some time to settle down before sustainable production occurs and the Company will continue with this well in test mode over the next few weeks.

As reported above the Company has a further two wells permitted on the Riddle lease with drilling expected to occur over the next two to three weeks.

With oil prices around US\$60 a barrel and an exchange rate of 80 cents the company expects around AUS \$65 per barrel revenue after deducting the landowners royalty. The wells being drilled are relatively shallow at up to 1,500 feet. The payback on these wells with even modest production is therefore extremely short.

The Company is excited at the prospect of further drilling of these low risk low cost wells which are 100% owned by the Company and capable of producing profits from even modest production. The significant acreage position and the ability to drill wells 400 feet apart means the Company has the opportunity to drill a number of wells on each lease all in the one region with existing power infrastructure on each lease and a refinery only 25 miles away. The Company intends to continue with its lease acquisitions to build on its existing portfolio and given the success of the Riddle Well No 7 will consider extending its current seven well drilling program.

A handwritten signature in black ink, appearing to read 'Peter Briggs', with a stylized flourish extending to the right.

Peter Briggs  
Chairman



Figure 1 – Riddle Well No 7 Oil Blow to surface from 995 feet



Figure 2 – Riddle Well No 7 Oil Blow over 60 feet into drilling waste pit.