

## ASX RELEASE

31 July 2008

### SUGARLOAF OPERATIONS UPDATE

Eureka Energy Limited ("Eureka") is pleased to provide the market with an update on operations within the Sugarloaf Area of Mutual Interest ("AMI").

#### **Kowalik #1H**

Eureka has been advised by the operator, Texas Crude Energy Inc ("TCEI"), that as of 06:00hrs 30/07/08 (US CST) the Kowalik #1H well had reached a depth of 6,126ft in the 8 3/4" hole section and was drilling ahead. Since the last operational update the 13 3/8" and 9 5/8" casing have both been run and cemented, with the latter at a depth of 6,020 ft.

This vertical section of the well will be drilled as a pilot hole down to approximately 11,970 ft through the chalk. This will then be logged, plugged back and the well sidetracked in the 8 3/4" hole size to the top of the chalk before 7" casing is run prior to drilling the horizontal section. The well is planned to have a 6,000ft horizontal section and is targeting the upper pay interval that has been reported as successfully producing gas and condensate in three wells in the adjacent acreage. The Joint Venture is working towards this being the first in a continuous sequence of 4 wells.

#### **Kennedy #1H**

Eureka has been advised by TCEI that following fracture stimulation operations, which took place on 3 July and the subsequent clean out operations, the well has continued to flow at 30 – 40 bbls of condensate per day with associated gas and minor volumes of fracture fluid. Over 5,000 bbls of fracture fluids have not been recovered from the most recent stimulation. The present production rates originate from 17ft of perforations in the bottom 600 ft of the horizontal section.

This well was drilled horizontally within the deeper section of the Austin Chalk accessing a chalk horizon not previously tested within the Sugarkane Field. Whilst the gas and condensate flow rates are minor at this juncture the production represents the first sustained hydrocarbon flow from this deeper horizon indicating additional hydrocarbon recoverability above the already considerable resource estimates associated with the upper chalk horizons. The Operator proposes to place this well on long term test to allow for possible further clean up and to monitor flow performance. It is not expected that additional operations will be undertaken at Kennedy #1H until Q1 2009.

Eureka has a 12.5% working interest in the Sugarloaf Joint Venture which has recently increased to approximately 23,161 acres under lease. Other ASX listed participants in the Sugarloaf JV, and their respective working interests are:

Aurora Oil & Gas Limited	20%
Adelphi Energy Limited	20%

Further information on Eureka and its projects are available on our website at [www.eurekaenergy.com.au](http://www.eurekaenergy.com.au).

Yours faithfully  
EUREKA ENERGY LIMITED

Graham Dowland  
Chairman

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*Information contained in this report concerning the Sugarloaf project was compiled from information provided by Texas Crude Energy Inc. Information on the project was reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had 40 years experience in the practice of geology and more than 5 years experience in petroleum geology. Mr Allchurch has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears. Mr Allchurch holds shares in Eureka Energy Limited.*

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