



Karoon Gas Australia Ltd. A.C.N. 107 001 338
Karoon Gas Pty. Ltd. ACN 056 976 642 (a subsidiary of Karoon Gas Australia Ltd)
Suite 7A, 34-38 Lochiel Avenue, Mt. Martha 3934 Phone 59741044 Fax 59741644
Po Box 469, Mt Martha 3934
Email:msmith@karoongas.com.au

10th October 2006

Mr Terry McKinley
Manager-Petroleum Regulation
Department of Primary Industries, Minerals and Petroleum Regulation Branch
1 Spring St, Melbourne
Victoria, 3000

Dear Sir

RE : Application for Authority to Drill Megascolides-1 Re-entry & Sidetrack, PEP 162 / EL 4537

Please find enclosed documents to support our application for Authority to Drill Megascolides – 1 Re - entry and Sidetrack1 (Meg-1/Re-ST1).

The supporting documents include:

1. Drilling Program Doc. No. 34461-DR-01-0001
2. Geological Well-File and Evaluation Program
3. Safety Management Plan Doc. No. 34461-HS-03-0001
4. Environment Management Plan Doc. No. 34461-HS-04-0001

Karoon will be contracting the Century Rig 11 to carry out the re-entry and sidetrack activities. This rig is currently stacked in Queensland and will require a final thorough inspection and completion of acceptance tests before commencing to drill out by approximately 15 November. Prior to this we would need to make minor modifications to the lease before mobilising and rigging up Century 11.

We look forward to your response within 30 days, however would welcome earlier indications if additional information is required.

Yours Faithfully

Mark Smith
Exploration Manager
Karoon Gas Australia Ltd

