



ELK PETROLEUM
L I M I T E D

ASX Release

Wednesday 20 July 2005

ELK PETROLEUM LIMITED

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For the latest news:

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Directors / Officers:

Richard Wood
Robert Cook
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Issued Capital:

38,060,503 shares

ASX Symbol: **ELK**

SAND DRAW SOUTH OIL FIELD ACQUIRED IN WYOMING

The Company is very pleased to report that it has entered into a purchase and sale agreement to acquire the Sand Draw South Oil Field in Wyoming, USA. The Sand Draw South Oil Field has current oil production of 47 barrels of oil equivalent per day (BOEPD). This will increase the Company's current daily production to approximately 67 BOEPD.

The Company will complete the purchase of the Sand Draw South Oil Field from Wold Oil Properties early next week with a payment of US\$775,000. The purchase will be funded out of existing cash reserves. The Sand Draw South Oil Field includes the following components:

- 100% oil interest in approximately 240 acres, which currently has two producing oil wells and considerable processing and storage facilities. Current oil production is approximately 35 BOPD (86.5% NRI)
- 25% interest in 1,920 acres surrounding the oil production, including one producing gas well and processing facilities. Elk's share of current gas production will be approximately 75 MSCF/D (25% NRI interest and equivalent to 12 BOPD approximately)

The Sand Draw South Oil Field presents the company with the opportunity to acquire an oil field currently producing 35 BOPD through two wells and approximately 75 MSCF/D. Initial assessment undertaken by Elk Petroleum's production team indicates that a redevelopment of the field can be undertaken by:

- The installation of higher volume pumps in current producing wells.
- The re-entry of 2 other wells and the installation of high capacity pumps.
- The potential to develop gas production opportunities in the 100% owned 240 acres.

Redevelopment of the oil reservoir will increase daily oil production from the South Sand Draw Oil Field to 140 net BOPD and this will be undertaken within 12 months.



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The Company has a workover rig on site at the Grieve Oil Field in Wyoming and has commenced the first stage of the multi-stage redevelopment programme of the Grieve Field. Elk Petroleum is currently producing oil from the Grieve Oil Field at a rate of approximately 20 BOPD and this rate will be significantly increased over the next three months. Stage One and Two are aimed at optimising and expanding the existing Grieve production to achieve rates of 400 barrels of oil per day within 12 months of listing.

The strategic redevelopment of the Grieve and South Sand Draw Oil fields in Wyoming, both within the next 12 months, will increase daily production accredited to the Company to over 500 BOPD. This will provide the Company with a strong platform for growth and positive cash flow.

Elk Petroleum has an experienced management team with a proven track record of delivering successful oil developments worldwide.

Robert Cook
Managing Director