



ELK PETROLEUM L I M I T E D

September 2007 Quarterly Report

ASX Release

Monday 29 October, 2007

ELK PETROLEUM LIMITED

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For the latest news:

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Directors / Officers:

Peter Power
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Issued Capital:

60.7 million shares

ASX Symbol: ELK

Exploration

- The Company acquired two parcels of land totaling approximately 22,000 acres and is continuing to expand its acreage position.
- A program to investigate the upper sands at the Ash Creek field is to be developed following the conclusion of a number of leasing issues.

Production

- Gross oil production for the quarter was 20,029 barrels.
- The Company's USA operations were self sustaining for the quarter through production from its two 100% owned fields in Wyoming.
- The Enhanced Oil Recovery Institute (EORI) associated with the University of Wyoming has completed the miscible CO₂ flood EOR study of the Grieve Muddy reservoir. Preliminary indications from the study are that 23 million barrels could be recovered with the CO₂ flood.
- The final report from the EORI is expected during the 4th Quarter, 2007.
- Ryder Scott has been engaged to review the EORI reservoir model to arrive at certified reserves. Their report is expected during the 4th Quarter, 2007.
- The Company is continuing its endeavours to secure a reliable supply of CO₂ and a JV partner for the project.
- The Company has selected a location for a deeper well to test the Upper Sands potential of the Grieve field.

Corporate

- Cash reserves at 30 September 2007 were A\$2.969m.



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GRIEVE OIL FIELD

Muddy Formation

The EORI which is affiliated with the University of Wyoming, developed a very detailed model of the Grieve Muddy reservoir. The model was used to study the effect of a CO₂ miscible flood of the reservoir. The results of the simulation arrived at a recoverable volume of 23 million barrels of crude from the CO₂ flood. The production profile is dependent upon the number of injection and producing wells included in the model and also the rate of injection of CO₂. The overall recovery has been consistently in the order of 23 million barrels.

The final report of by EORI of the study is expected during the 4th Quarter, 2007 and further work is expected to be undertaken to arrive at the most appropriate well configuration to optimise the production economics based on the available supply of CO₂. The Company is continuing to explore all possibilities for the establishment of a reliable source of CO₂ for the project. Once the supply of CO₂ has been established, the Company will be in a position to reach a decision on the best way to take the project further.

Upper Sands

The Company has selected a location for a second deeper well to test the Upper Sands at Grieve for oil. The well location will be staked and approved to allow the spudding of the well to be approved by the Bureau of Land Management. The well is expected to be drilled early in the new year at the end of the northern hemisphere winter.

SAND DRAW SOUTH

Production for the quarter from five Sand Draw South wells has been steady. There are opportunities to optimise production from several of the wells by modifying the downhole pumps in the wells. A sixth well is to be brought back on line with a larger pump installed which is expected to enhance production from the Phosphoria formation.

ASH CREEK

The Company has 50% equity in the abandoned Ash Creek field. The upper sand formations are believed to hold potential for hydrocarbons and so the Company is looking to expand its exposure by negotiating a joint venture arrangement which would include the upper sands of the adjoining South Ash Creek field whilst retaining its 50% equity in the deeper formations.



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ACQUISITION

The Company has acquired approximately 14,000 exploration acres in northern Wyoming. Additional acreage continues to be sought. The proposal is to farm-out equity in the leased area with Elk retaining operatorship.

The Company has also acquired approximately 8,000 exploration acres in Montana and is negotiating to expand that holding.

PRODUCTION & SALES

The Company's gross and attributable sales from production for the first quarter to 30 September 2007 are detailed in the following table:

2007-2008		Qtr 1
Gross Sales:		
Grieve Oil	barrels	1,022
Sand Draw South Oil	barrels	18,088
Attributed Sales:		
Gross Sales:		
Grieve Oil	barrels	926
Sand Draw South Oil	barrels	15,646

Gross oil production for the quarter was 20,029 barrels and gross sales amounted to 19,110 barrels.

Oil sales attributable to the Company for the quarter amounted to \$AUD 1,039k from 16,572 barrels of oil.

Cash reserves at 30th September 2007 were A\$2.969m.

During the quarter Mr Richard Wood resigned from the Company.