



ELK PETROLEUM
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ASX Release

PROGRESS REPORT – GRIEVE EORI STUDY

14 November, 2007

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Issued Capital:

61.2 million shares

ASX Symbol: ELK

HIGHLIGHTS

- Elk has received the final report from the Enhanced Oil Recovery Institute (EORI) of the University of Wyoming covering their evaluation of the gravity stable CO₂ flood of the Muddy reservoir of the Grieve Field.
- The report provides further detail confirming the earlier reported 23 million barrels of recoverable oil possible from the Muddy reservoir.
- The report indicates that a production rate of 8,000 - 12,000 barrels of oil per day (BOPD) is achievable once the field is re-pressurised.
- Re-pressurisation, as modelled, is expected to take at least 2 ¼ years.
- An actual residual oil saturation test performed by Chemical Tracers Inc provided a close correlation to simulated results.
- The Company has appointed an Engineering Manager.

GRIEVE EORI STUDY

The Company has received the final EORI report of their simulation CO₂ flood of the Grieve Muddy reservoir. The report covered three of more than twenty simulation runs performed by EORI on their detailed computer model of the Muddy reservoir. The report indicated that 23 million barrels was recoverable from the remaining oil in the reservoir. The report also indicated that production rates of between 8,000 - 12,000 BOPD were possible assuming specific quantities of CO₂ were available and specific numbers of injection and production wells were employed. In practical terms, the optimum production facilities and existing export pipeline are expected to limit the production to something in the order of approximately 8,000 BOPD.

The project length is modelled at 30 years, however, 80% of the recoverable oil would be produced within the first 5-6 years following re-pressurisation.



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EORI is expected to make the report public shortly, on their website <http://eori.uwyo.edu/tech.asp>.

Concurrent with the EORI study, the Company engaged Chemical Tracers, Inc., (www.chemtracers.com) to determine the residual oil saturation of the Muddy reservoir at one of the Grieve wells. The result was a residual oil saturation of 34% which compared closely with 35% for this location from the EORI simulation, providing further confidence in the EORI computer model.

Ryder Scott has been provided with the EORI report to review and to employ in their reserves estimate.

Supply of CO₂ continues to be sought for the Grieve EOR project and the Company is continuing to pursue joint venture possibilities.

Ralph Schulte joins the Elk team in Casper as Engineering Manager, effective 26 November, 2007. He has over 25 years experience working on enhanced oil recovery projects.