



ELK PETROLEUM L I M I T E D

ASX Release

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ELK PETROLEUM LIMITED

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For the latest news:

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Directors / Officers:

Richard Wood
Robert Cook
Matthew Wood
Glenda McLoughlin
Timothy Flavel

Issued Capital:

42,710,503 shares

Stock Exchange

Australian Stock Exchange
Symbol: **ELK**

SEPTEMBER QUARTER REPORT 2005

HIGHLIGHTS

- The Company completed the acquisition of the Sand Draw South Oil Field (SDS) containing oil reserves of 2.2 million barrels.
- The Company has successfully completed the first stage redevelopment of the Grieve Oil Field. This included the redevelopment of five production wells.
- The Company has completed the redevelopment of two existing production wells at the SDS Oil Field and is considering four other abandoned wells for re-entry.
- The Company is planning to relocate the workover rig from the SDS Oil Field to the Grieve Oil Field in early November to recommence the redevelopment and drill test the Cloverly Formation.
- The Company received approval from the Wyoming Oil and Gas Conservation Commission (WOGCC) to deepen a previously temporarily abandoned well to investigate the prospective Cloverly Formation for hydrocarbon potential.
- The Company placed 4,650,000 shares to institutional and retail clients of Hartleys at an issue price of 43 cents per share for \$2 million.
- The strategic redevelopment of the Grieve and Sand Draw South Oil fields in Wyoming will increase daily production accredited to the Company to over 500 barrels of oil per day, within 12 months of listing.
- The Company has put in place a sound strategy for growth and positive cash flow and continues to review new acquisition prospects in U.S.A.



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GRIEVE OIL FIELD

The Company has successfully worked over wells #5, # 17, #11, #7, #16, #10 and #49 respectively. Wells #49 and #5 are to be used as water re-injection wells, while wells #17, #11, #7, #16 and #10 are to be producing wells in addition to #9 (original producing well). The newly redeveloped wells are in the northern part of the field and are awaiting the recommissioning of production facilities, which have been idle for more than 20 years.

The Company has commenced a bottom hole pressure survey at Grieve Oil Field to define the level of structural inhomogeneity in the field. This information will be used in deciding the Stage 2 redevelopment targets, particularly those believed to have by-passed reserves.

The large 3.7 m by 9.1 m free water knock out has been successfully recommissioned, thereby significantly increasing the processing capacity of the production facility at Grieve field.

As part of this redevelopment programme, the Company will test the reservoir potential of the underlying Cloverly Formation. The Cloverly Formation has the potential to contain a separate hydrocarbon reservoir beneath the Grieve Muddy Formation in a similar structural setting.

The Grieve Oil Field was discovered in 1954 and is modelled to have original oil in place of approximately 85 million barrels of premium light sweet crude within a highly productive sandstone reservoir. Approximately 30 million barrels of oil have been produced since the discovery of the field. Many of the temporarily abandoned wells will be reactivated in the multi-stage redevelopment programme.



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SAND DRAW SOUTH OIL FIELD

The Company completed the purchase of the Sand Draw South Oil Field in Wyoming, USA. 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.
- 25% interest in 1,920 acres of adjoining property resulting in approximately 33 MSCF/D (or 7 BOEPD) net Elk production as well as the acquisition of a 25% interest in 360 additional acres in the field.

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. This operation has been successfully completed recently and the improved performance is currently being assessed.
- The re-entry of two other wells and the installation of high capacity pumps.
- The possibility of re-entering other abandoned wells in the field
- The potential to develop gas production opportunities in the 100% owned 240 acres.
- Upside potential within the 1,920-acre joint venture operated property.



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NEW PROJECTS

The Company continues to assess a number of additional producing and near term producing opportunities.

CORPORATE

The Company placed 4,650,000 shares to institutional and retail clients of Hartleys at an issue price of 43 cents per share for \$2 million.

Cash reserves at 30 September 2005 were \$3.056 million.

Robert Cook
Managing Director