



ELK PETROLEUM L I M I T E D

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ASX Release

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Issued Capital:

60.7 million shares

Upcoming Test Well for the Grieve Upper Sands

HIGHLIGHTS

- The Company is scheduled to drill a shallow well into the top three of the eight upper sand formations at the Grieve field once formal approval to drill is obtained from the Bureau of Lands Management (BLM). Drilling is anticipated to commence within one month.
- The site of this test well has been selected and inspection of the well location has been conducted by the BLM.
- Depending upon the success or otherwise of this well, plans have been formulated for either further appraisal wells in the success case and/or for testing the remaining deeper Grieve upper sands.
- Not all eight wells can be effectively accessed and tested from a single location.

GRIEVE UPPER SANDS

- The Grieve Oil Field contains eight sandstone formations above the Muddy reservoir. From the surface these are Parkman, Phayles, Upper & Lower Sussex, Upper and Lower Shannon and 1st and 2nd Frontier formations.
- MHA Petroleum Consultants (Denver, USA) have previously identified the Lower Sussex, the Upper Shannon and the two Frontier sands as having the potential to host significant oil volumes. MHA reported on four of the deeper sands above the Muddy and they estimated these four sands had the potential for significant original oil in place volumes and recommended "testing the best shows in each zone of interest in two or three wells".



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- Last year the company undertook to test several of these upper sand formations in three existing wells. The first well tested the Lower Sussex Sand. It found no significant traces of hydrocarbons. The second and third wells attempted to test the 1st and 2nd Frontier Sands. The results from both of these attempts were inconclusive due to mechanical difficulties in testing these old wells.
- Subsequently, the Company acquired and reprocessed additional seismic data in the field area and conducted a more detailed assessment of the field. A study by the Company of this and other data has identified a suitable location to test three of the upper sands. These are the Parkman, Phayles and Upper Sussex sandstones. The outcrop of the Phayles Sandstone two miles to the northwest of Grieve is oil stained.
- A drilling rig has been contracted and it is expected the well will be drilled within one month. The well (Grieve #31-21) is relatively shallow (700 metres). Results from the drilling are expected in May.
- In the event of a successful outcome, the Company has already identified locations for the three step-out appraisal wells. Irrespective of the outcome of this well, the Company will examine the options for testing the remaining deeper upper sands.

Richard Wood
Chief Executive Officer