



Successful production test of Longtom-4 development well in Production Licence VIC/L29

Progress report no. 13

Nexus Energy Limited ("Nexus") advises that the Longtom-4 development well in Production Licence VIC/L29 in the Gippsland Basin, offshore Victoria has been successfully flow tested. The test of the primary production zone within the Admiral formation flowed at a rate of 58 MMscf/d through a 64/64" choke through a test separator limited to 60 MMscf/d.

The well flowed for 35 hours before being shut-in to monitor the pressure response from the reservoir. The forward plan is to suspend the well as a future producer with the rig expected to be released by the end of the week.



Gas flaring during the Longtom-4 production test

Longtom-4 is the second production well drilled, completed and tested in preparation for commercial production. Analysis of the production performance suggests that Longtom-4 alone would be capable of meeting the anticipated maximum contract requirements of the Longtom field. In September 2006, the Longtom-3 well flowed at over 75 MMscf/d on test while bypassing the separator, confirming that it can also alone meet the contract requirements.

Nexus' managing director, Ian Tchacos said "the successful drilling and completing of subsea, horizontal wells like Longtom-3 and Longtom-4 is a significant technical and operational achievement which further demonstrates Nexus' growing stature as an offshore operator. Testing of Longtom-4 is another important milestone on the path to first production by mid 2009".

Longtom-4 has been drilled by the West Triton jack-up and is the second development well for the Longtom gas project. The Longtom-3 well, drilled during the third quarter of 2006, is ready for commercial production with no further rig intervention required. Timing of a planned third development well will depend on the field's production performance over time. The current plan assumes this well will be drilled two to three years after project start-up.

Gas produced from the Longtom wells will enter a new 12 inch pipeline and will be transported from the field to the end of Santos' existing Patricia-Baleen pipeline, 19 kilometres away. Nexus will construct this pipeline and the associated control lines and equipment with the pipelay barge contracted for installation in the December quarter. The raw gas will then continue along the Patricia-Baleen pipeline to shore where it will be processed at Santos' existing onshore gas plant. Santos will install new equipment at the plant capable of processing the Longtom gas. This will primarily involve facilities for the stripping of condensate from the gas and the subsequent stabilisation, storage and export of the condensate.

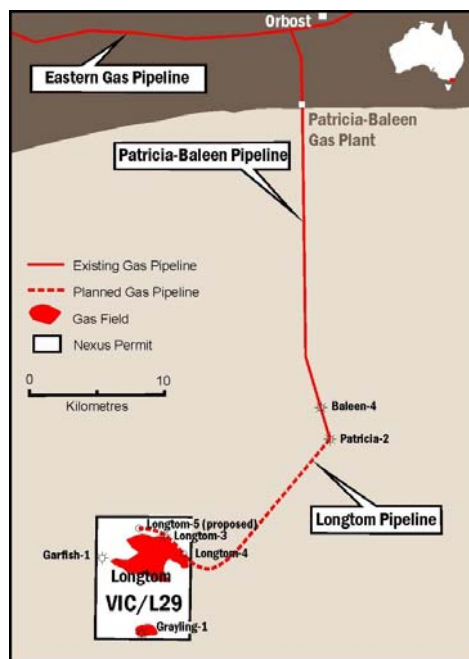
Participants - Production Licence VIC/L29

Nexus Energy VICP54 Pty Ltd (100%)

Location

Latitude: 38 deg 06' 17.7071" S

Longitude: 148 deg 19' 59.9442" E



Map showing location of the Longtom-4 development well in Production Licence VIC/L29

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