

07 January 2010



## ASX/Media Release

### Drilling Update

**Blue Energy Limited (ASX: BUL)** is pleased to advise that the Monslatt 3 core well within ATP814P spudded on 6 January 2010. Monslatt 3 is the fourth well in the drilling program within the Monslatt area. The previous wells have intersected up to 37 meters of gas bearing coals and carbonaceous shales and have demonstrated world class gas content of up to 22m<sup>3</sup>/tonne (raw\*).

With the identification of gas bearing carbonaceous shales in the Monslatt 1A well drilled in December 2009, which have desorbed up to 10m<sup>3</sup>/tonne (raw\*), particular focus will be placed on identifying the extent of these shales in the Monslatt 3 well.

Monslatt 3 is located 1.5km from Monslatt 1A and has been positioned to allow a production pilot well to be located in between the Monslatt 1A and 3 wells. Planning for the production pilot well is under way with lease preparation having been completed.

In the Galilee Basin (ATP813P), the Kanaka 1 well was completed prior to the Christmas and New Year break. At present, the rig has been isolated by the recent rain in the area, and planning is underway to shift the rig to the next location as soon as possible.

**END**

**For further information please contact:**

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\* Uncorrected for ash and water content

Figure 1: ATP813P Drilling Program Location Map

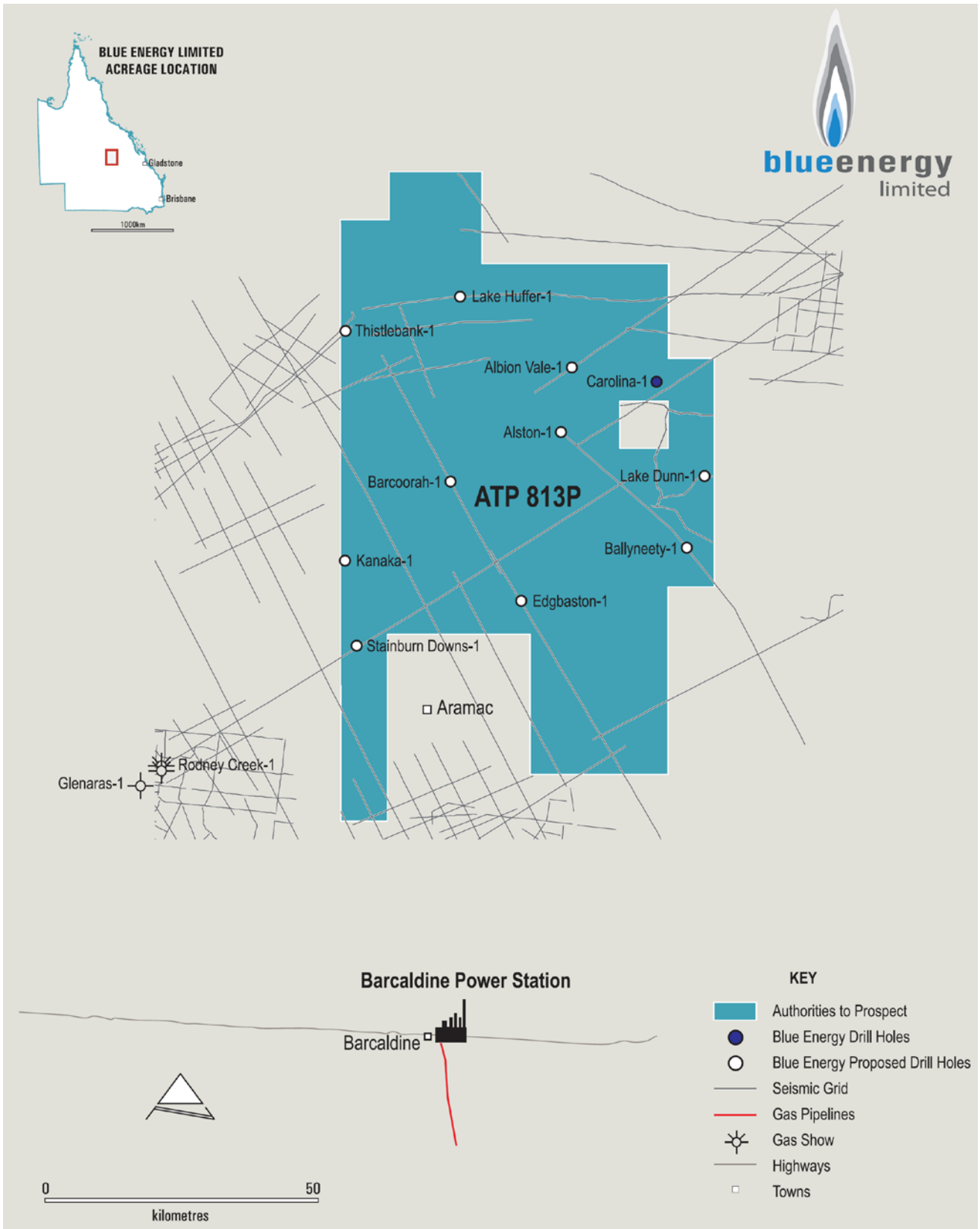


Figure 2: ATP814P Drilling Program Location Map

