



7 March 2006

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

*via electronic lodgement*

Dear Sir/Madam,

### **Larner 2-12 Commences Production**

Livingstone is pleased to announce that gas production has commenced at the Larner 2-12 well.

After the initial production start up phase, the flow rate is expected to reach at least 2.5 million cubic feet of gas per day. This estimate is based on flow rates achieved over an extended test period.

It took approximately four weeks from well testing to production in order to complete the assembly of production equipment, well tie-in arrangements, and finalise sales agreements.

#### **Comments**

Livingstone is pleased with having its major gas discovery at Larner 2-12 commence production. The short turnaround from a successful test to production confirms how quickly a gas discovery at the Forbes project can be turned into revenues.

The success with Larner 2-12 from discovery to production gives our current exploration strategy a large confidence boost as we prepare for a new round of drilling later this year. New prospects have already been selected from our inventory, site surveys are underway, and surface leases for drilling are progressing.

With our Forbes project partner, Orchard Petroleum Limited, we have established a large leased acreage position and prospect inventory with fully interpreted 3D seismic covering the entire area. Both the leased acreage position and seismic were acquired before the current high demand for gas prospects in California. Our early involvement in the area has avoided the high entry costs now being faced by many operators.

The success at Larner 2-12 supports the current technical assessments of our prospects in the Forbes area and the ability to identify potential gas targets that can be quickly brought into production. It ensures many more wells will be drilled as we aim to add to the current production base.

**Participants in Larner 2-12 are:**

OP Inc (Operator)	50%
Livingstone Exploration, Inc	50%

**For further information please contact Mr Brett Mitchell on 08 9324 1177.**

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