



15 November 2006

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

via electronic lodgement

Dear Sir/Madam,

South Buckeye 1-18 Gas Discovery

Livingstone is pleased to announce that the South Buckeye 1-18 well at the Forbes Gas Project has reached its targeted depth of 9,600 feet and has encountered gas in one of the objectives between and 9,315 feet and 9,345 feet.

Based on the electric logging of the well, there appears to be approximately 10 to 15 feet of net pay in the Forbes formation interval. The amount of net pay encountered in this well is consistent with Forbes formation gas producing wells located in the area.

The decision has been made to set pipe and complete the South Buckeye 1-18 well. A testing program to determine the commerciality of the gas discovery will begin once a service rig can be scheduled. A commercial gas flow at South Buckeye 1-18 could be put on production under our current agreements with gas buyers following completion of short pipeline connections to the well.

The South Buckeye discovery forms part of the Forbes Gas Project located in the Sacramento Basin in the northern part of California, USA. The next well in the Forbes Gas Project will commence drilling within the next few days at the Heavenly Prospect. The Forbes Joint Venture holds a large leased acreage position with a substantial prospect inventory covered by 3-D seismic as well as existing production.

Comments

Livingstone is pleased with the discovery at the South Buckeye 1-18 well and the follow on exploration targets this discovery upgrades. The confirmation of a commercial discovery at the South Buckeye well will further support the Joint Venture's new technical assessments of Forbes prospects and ability to identify successful gas targets in the area.

Background

Livingstone holds a 50% interest in the Forbes Gas Project exploring for natural gas in the Sacramento Basin of California. This area has produced gas from the Forbes formation since 1934 with cumulative production to date of 600 billion cubic feet of gas. The Forbes Gas Project already has 2 producing wells within the project area, Lerner 1-12 and Lerner 2-12.

The Forbes Joint Venture has developed numerous drill prospects for further exploration programs and many of these prospects have low risk follow-on targets should the initial prospect be a successful discovery. Besides the Forbes sandstone formation located at depths of 8,000 to 9,500 feet, the Joint Venture has identified additional prospects in the shallower Starkey/Winters formations around 4,000 feet and deeper Guinda formation below 9,500 feet. The prospect sizes vary according to which objective formation is considered the primary target, however in general the sizes vary from 1 to 5 billion cubic feet. Some of the deeper targets in the Guinda formation are tens of billion cubic feet.

Participants in South Buckeye 1-18 and Heavenly 2-28 wells are:

Orchard Petroleum, Inc. (Operator)	50%
Livingstone Energy, Inc.	50%

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