



28 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,

Spudding of the Heavenly 2-28 well at the Forbes Gas Project

Livingstone confirms that the Heavenly 2-28 well in the Forbes Project was spudded at 0200 hours on 27 November 2006 (Pacific Coast Time, USA) using the Kenai #3 rig. The well has reached a depth of 298 feet and is currently drilling ahead. The Heavenly prospect is expected to take approximately 15 days to reach the target depth of 9,700 feet.

The Heavenly 2-28 well is targeting several potential gas-bearing stratigraphic traps in the Forbes formation, with multiple nearby follow on targets if successful. The prospect is analogous to the gas discoveries made at the Larner 1-12 and 2-12 wells which are both currently on production, and the recent gas discovery at South Buckeye 1-18 which will shortly undergo testing to determine the flow rate. The Heavenly prospect is located approximately 7 kilometres southwest from the producing Larner wells, and approximately 7 kilometres northeast of the South Buckeye well.

Background

Livingstone holds a 50% interest in the Forbes Project exploring for natural gas in the Sacramento Basin of California. The Sacramento Basin has produced gas from the Forbes formation since 1934 with cumulative production to date of 600 billion cubic feet of gas.

The Forbes Project already has two producing wells within the project area, Larner 1-12 and Larner 2-12, and two discoveries awaiting completion, South Buckeye 1-18 and Edge 1-10. In addition, the Forbes Joint Venture has used 3D seismic to develop a large inventory of future drill prospects.

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

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

For any further information please contact Mr Brett Mitchell on +61 8 9324 1177.

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