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Exploration Review

Quarterly

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Oil is still cheaper by the litre than Coca Cola

Contents

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Livingstone Petroleum Ltd
ASX Code: LPL

Status:



Core Commodities	Gas, Oil
Price (as at 04-Dec-06)	\$0.38
Market Cap	\$25.1M
Cash (as at 30 Sept 06)	\$2.6M
Cash / Share	\$0.04
Shares Traded (pa)	\$9.0M

Top Shareholders

Citicorp Nominees	7.6%
Saps Overseas	7.5%
CI Burton	3.7%

Summary activity for the current quarter

	Quantity	Budget
Exploration Well		
Appraisal Well		
Seismic Surveys		
Other	Drilling and test work	\$2.2M
Total		\$2.2M

Forbes Project (50% interest)

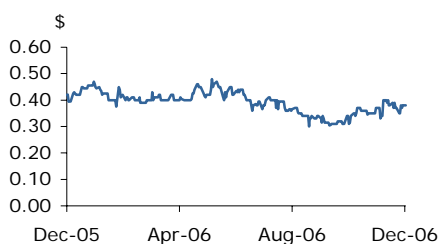
Location	California, USA
Commodity	Gas
Style of Structure	Stratigraphic

The Forbes Gas Project is located in the Sacramento Basin in the northern part of California. The project involves relatively shallow and low-risk drilling in a prolific production area that has produced over 600 billion cubic feet of gas to date. The historical exploration success rate in Forbes sandstone is approx 70%. The project is a joint venture between Livingstone (50%) and Orchard Petroleum Ltd (50% and operator), which currently has 25 leads defined on it and matured 11 drillable projects on a project area of approximately 15,000 acres. There is substantial gas gathering and pipeline infrastructure in the area. The Larner 2-12 and Edge 1-10 wells drilled in late 2005 were exploration discoveries in the Forbes sandstone formation. The Edge well also intersected gas in the secondary objective Guinda formation, adding an additional target to a large part of the project area. As the Forbes formations are of relatively shallow depth, this in conjunction with the historically high exploration success prices delivers strong economics to the project. The prospect sizes vary according to which objective formation is considered the primary target; however, in general, the sizes vary from 1-5 bcf. Some of the deeper targets in the Guinda formation are tens of billion cubic feet.

Aegis Equities Comments

- **Projects:** A third well, South Buckeye 1-18, has intersected gas at the Forbes project, continuing the successful exploration program. Previously, Larner 2-12 recorded an initial flow rate of 2.8MMCFD from a 46ft gas pay zone while Edge 1-10 remains to be production tested. Existing pipeline infrastructure located near to the Forbes project has allowed the first discovery to be brought into production already. Eleven high probability targets have been identified in the area.
- **Potential:** The Forbes project is located in the Sacramento basin, a region with a long history of oil and gas production. A large area of the project has been mapped using 3D seismic techniques. Numerous prospective targets have been identified and the priority targets amongst these have already been selected. South Buckeye 1-18 will be production tested soon, and can be brought into production under the existing agreements. Another well, Heavenly 2-28, which is about to be drilled, is targeting the same gas zones.
- **Overall:** LPL listed in September 2005 after an issue of 30M shares at A\$0.20 each. At the end of the September quarter, LPL had A\$2.6M in cash and a further \$3.6 has been raised in a recent share issue. Revenue generated by the new wells provides useful cash flow, while the capital raising will allow LPL to meet its 50% share of the joint venture costs. With its early success and aggressive drilling plans, LPL is in a good position to chase organic growth. The JV operator is confident additional discoveries will be made soon.

Share price performance



Source: IRESS

no
photo
available

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