
NEWS

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AUSTRALIA'S EDEN STARTS DRILLING

FOR COAL SEAM GAS IN THE U.K.

An Australian green energy developer has commenced its first gas exploration drilling in the United Kingdom – targeting Coal Bed Methane (CBM) in the historic coal province of South Wales.

Eden Energy Limited (ASX code: “EDE”) announced today it had spudded its first well, Port Talbot 1, over the weekend in a multi-hole CBM exploration program in the province.

Eden plans a minimum of three holes in Petroleum Exploration and Development Licence 100 (PEDL100), located in the area between Cardiff and Swansea.

The Australian company’s UK initiative – also Eden’s first exploration program of any kind overseas – will eventually encompass three licence areas covering 430 square kilometres in South Wales.

All of the acreage is effectively unexplored for coal bed methane gas, with the Perth-based explorer planning to drill each area during 2007.

“The start of drilling is a milestone for Eden,” Eden’s Executive Chairman, Mr Greg Solomon, said today.

“It heralds, for the first time in the Company’s short history, a potential production opportunity achievable in the relative short-term, since the drill targets are all close to high demand, high price gas markets and pipeline infrastructure and in a known gas-bearing coal province,” Mr Solomon said.

“The UK energy market is now annually a net importer of hydrocarbons and it has a strong natural gas price environment with prices higher than Australian prices.

“It also exhibits strong market fundamentals with a large population base generating both short-term major local customers and long-term opportunities,” Mr Solomon said. “For example, the PEDL100 licence area hosts several large industrial plants, including a steel works, an insulation manufacturer, a paper mill and a major industrial estate, so the infrastructure situation and project economics are quite different from the typical Australian CBM project.

“Any successful commercial outcome will also meet preferred environmental guidelines for new energy projects in the UK – production of low carbon emission fuels and new gas supply sources which are low impact developments.

The Eden drilling campaign in the UK will seek to quantify the critical parameters of gas content and seam permeability needed to prove up the potential of methane volumes trapped in the coal seams around southern Wales.

The results of the drilling will be used to determine a location for Eden’s first pilot CBM project.

Eden is earning a 50% interest in PEDL100 from licence holder, Coastal Oil and Gas, a wholly-owned subsidiary of UK Onshore Gas Group.

The first exploration well, Port Talbot 1, will be drilled 650 metres into the highly gaseous Westphalian coal seams of the South Wales Coal Basin, 220 kilometres from London. Significant coal seams intersections are expected between 350-640 metres.

“There are very significant amounts of coal remaining in PEDL100 and at optimal depths for CBM gas extraction, that are more than sufficient to underpin a number of individual CBM projects,” Mr Solomon said.

The total Welsh drilling schedule, gas content analysis and *in situ* permeability testwork is expected to take until at least October this year.

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