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## Petsec Announces Gas & Condensate Discovery in the USA

State of Louisiana, USA

*Petsec Energy Ltd (ASX, PSA; ADR's, PSJEY.PK)*

Petsec Energy Ltd. announced today a sizeable gas and condensate discovery made at the Marathon Prospect located on the Louisiana coastline in the Gulf of Mexico in 2.5 metres (8 feet) of water. Based upon preliminary results, reserves for the Marathon Prospect discovery are expected to meet stated pre-drill mapped potential.

The Marathon well was drilled to a total depth of 5,730 metres (18,800 feet), and wireline logs were run, confirming the pre-drill 3D seismic mapping. Production casing has been set to prepare the well for future production. After completion, the well is planned to be tied back to nearby existing facilities, with production expected to commence prior to year end, at an estimated development cost to Petsec Energy of US\$1.2 million.

The Marathon well was drilled and operated by Phoenix Exploration Company, which previously made a discovery approximately 2 miles to the northeast. That discovery was brought into production in September and is currently producing at restricted rates of 15 million cubic feet of gas and 100 barrels of condensate per day.

### Participating working interests in the well are:

Petsec Exploration and Production LLC	10%
Phoenix Exploration Company LP (operator)	65%
Private Company	25%

Petsec's exploration focus in the USA is to drill prospects with reserve potential which will provide significant upside to the Company and with high probability of success. The Marathon well is Petsec's second well in the USA in 2010 to test deeper, larger gas/condensate targets. The first well, Jenny Lake, while intersecting approximately 100 feet of gas filled sand, as was predicted seismically, had low permeability and was deemed to be uneconomic.

Petsec's Chairman, Terry Fern, commented on the Marathon discovery:

*"We are delighted that our strategy in the USA Gulf Coast and Gulf of Mexico, to drill for much larger targets in the deeper geologic section, has borne fruit in our second well."*

Further discussion of the well will be made in the September quarter results conference call to be held at 11am, Thursday 28 October.

*Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. Its focus of operations is on gas in the shallow waters of the Gulf of Mexico and onshore Louisiana Gulf Coast region of the USA, and on oil in the shallow waters of the Beibu Gulf off the south coast of China.*

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