

M 8 April 2011

Drilling underway on Marathon #2 wellState Lease No. 20369 No. 1 Well, Marathon Prospect
Atchafalaya Bay, Louisiana, USA*Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy is pleased to advise that the Marathon #2 well has been spud in the shallow waters of the Atchafalaya Bay along the Louisiana Gulf Coast, USA. Phoenix Exploration is the operator and the well has spud on 5th April using the Parker 54B drilling rig.

The second Marathon well is a follow up to the successful #1 well which was brought into production in late 2010 and is consistently producing at rates of over 20 million cubic feet of gas and 120 barrels of condensate per day.

The 21,000 feet (6,500 metres) Marathon #2 well is situated in approximately 8 feet (2.4 metres) water depth and is located approximately 900 metres from the #1 well location. The #2 well is designed to serve as a development well for the field as well as to test deeper exploratory reserve potential on the Marathon structure. Drilling operations are expected to take 121 days to reach total depth, log and case. Petsec's estimated net cost to drill, log and case is US\$1.3 million.

Participating working interests in the well are:

Petsec Energy Ltd	8%
Phoenix Exploration Company LP (operator)	65%
Private Companies	27%

Details of the #2 well:

Well name:	State Lease 20369 No. 1 well
Water depth:	2.4 metres (8 feet)
Proposed total depth:	6,400 metres (21,000 feet)
Estimated time to drill, log and case:	121 days
Operator:	Phoenix Exploration Company LP
Petsec working interest:	8.0%
Petsec net revenue interest:	5.84 %
Estimated net drilling cost to Petsec:	US\$1.3 million
Estimated net development cost to Petsec:	US\$0.4 million

For further information, please contact:

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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.