

M 3 May 2011

Marathon #2 well Drilling Update

State Lease No. 20369 No. 1 Well, Marathon Prospect
Atchafalaya Bay, Louisiana, USA

Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)

Petsec Energy advises that as at 2 May 2011, the Marathon #2 well had reached a measured depth of 12,770 feet (3,892 metres) and is currently drilling ahead. The well is projected to reach its total depth of 21,000 feet (6,500 metres) within approximately 10 to 12 weeks.

The Marathon #2 well is a follow up to the successful #1 well and 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.

Participating working interests in the well are:

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

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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.