



ODYSSEY
ENERGY LIMITED

ANNOUNCEMENT TO THE AUSTRALIAN STOCK EXCHANGE: 19 DECEMBER 2006

SETTLEMENT OF ACQUISITION OF PRODUCTION AND PIPELINE INFRASTRUCTURE AND SIGNIFICANT EXPANSION OF JESTER-BLOOMINGTON PROJECT, OKLAHOMA

The Board of Odyssey Energy Limited (“Odyssey” or “Company”) is pleased to announce that the acquisition of exploration, production and infrastructure assets in the Jester-Bloomington Project area from Texas-based Harlow Corporation has now settled. For Odyssey this acquisition comprises a 33.3% interest in:

- *Approximately 16,000 gross acres covering parts of the North Bloomington and Willow Gas Fields in Greer and Beckham counties – effectively tripling the Jester-Bloomington Project area to 25,000 gross acres;*
- *The rights to 53 existing wells on the acreage, most of which are shut-in or require remediation, but which currently produce in excess of 200 thousand cubic feet of gas per day (“mcf”);*
- *Production infrastructure which includes compression facilities and 112 kilometres of pipeline and gas gathering systems connecting the project to the US domestic pipeline network.*

Work will now commence on connecting the McAlexander#1 well (tested at 411mcf) and the recently acquired Travis#1 and Houck#1 wells (tested at 280mcf and 750mcf respectively) to this production infrastructure.

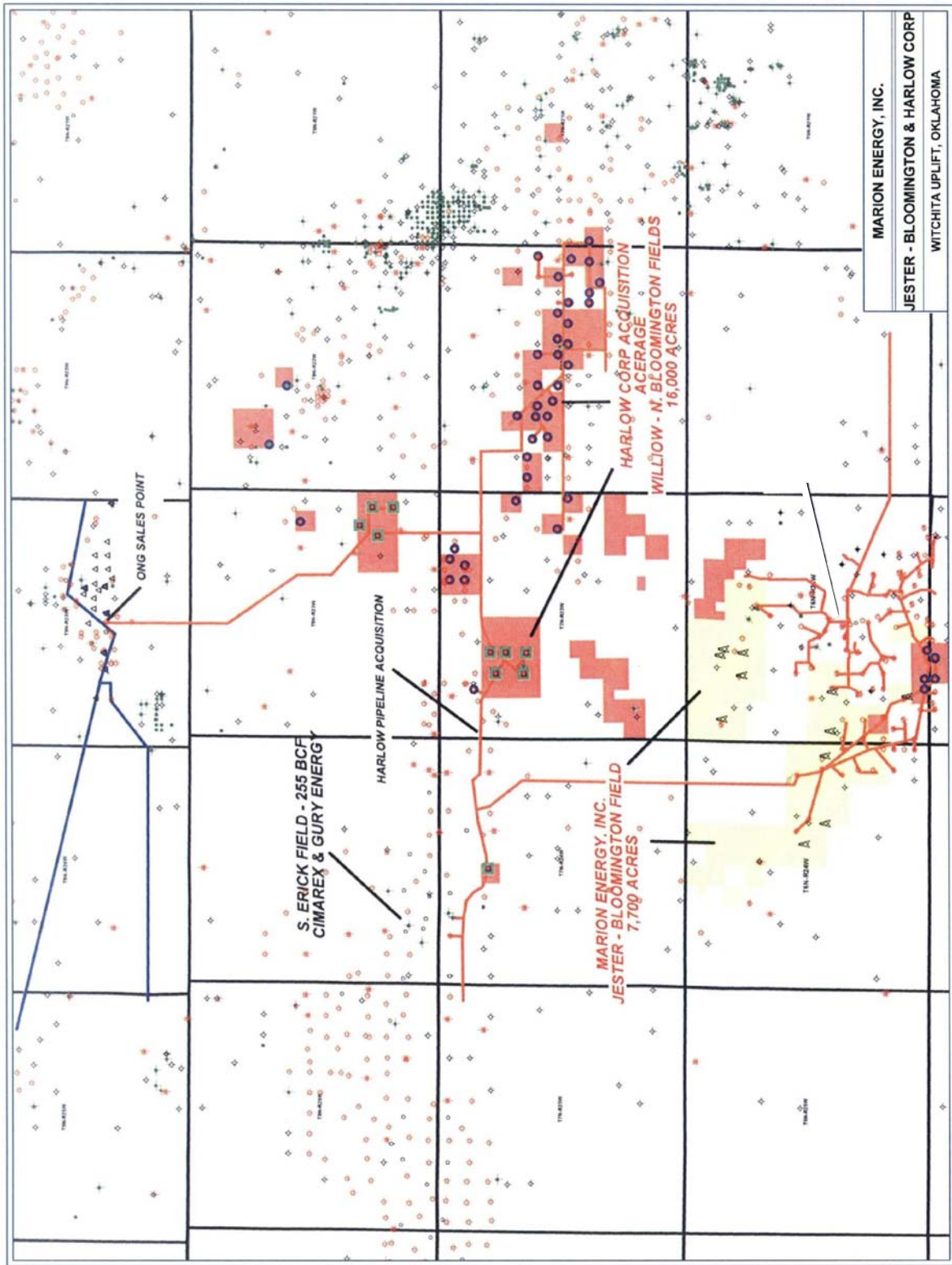
In parallel with this a rig has been secured to immediately commence the first in an initial program of up to 10 work-overs of wells acquired from Harlow, with the objective of substantially increasing production from the newly acquired acreage over the coming months.

The cost of the acquisition at settlement was US\$0.63 million net to Odyssey.

Enquiries-

Mark O’Clery
Contact Details:

Managing Director
Telephone: (61 8) 9322 6322
Facsimile: (61 8) 9322 6558



Location of New Acreage, Wells and Pipeline Infrastructure

ACQUISITION OF HARLOW CORPORATION ACREAGE, PRODUCTION AND INFRASTRUCTURE – ODY 33.3% WORKING INTEREST

Odyssey has now settled its acquisition of a 33.3% Working Interest (“WI”) in approximately 16,000 gross acres covering parts of the North Bloomington and Willow Fields in Greer and Beckham counties in Oklahoma, adjacent to the existing Jester-Bloomington Project area.

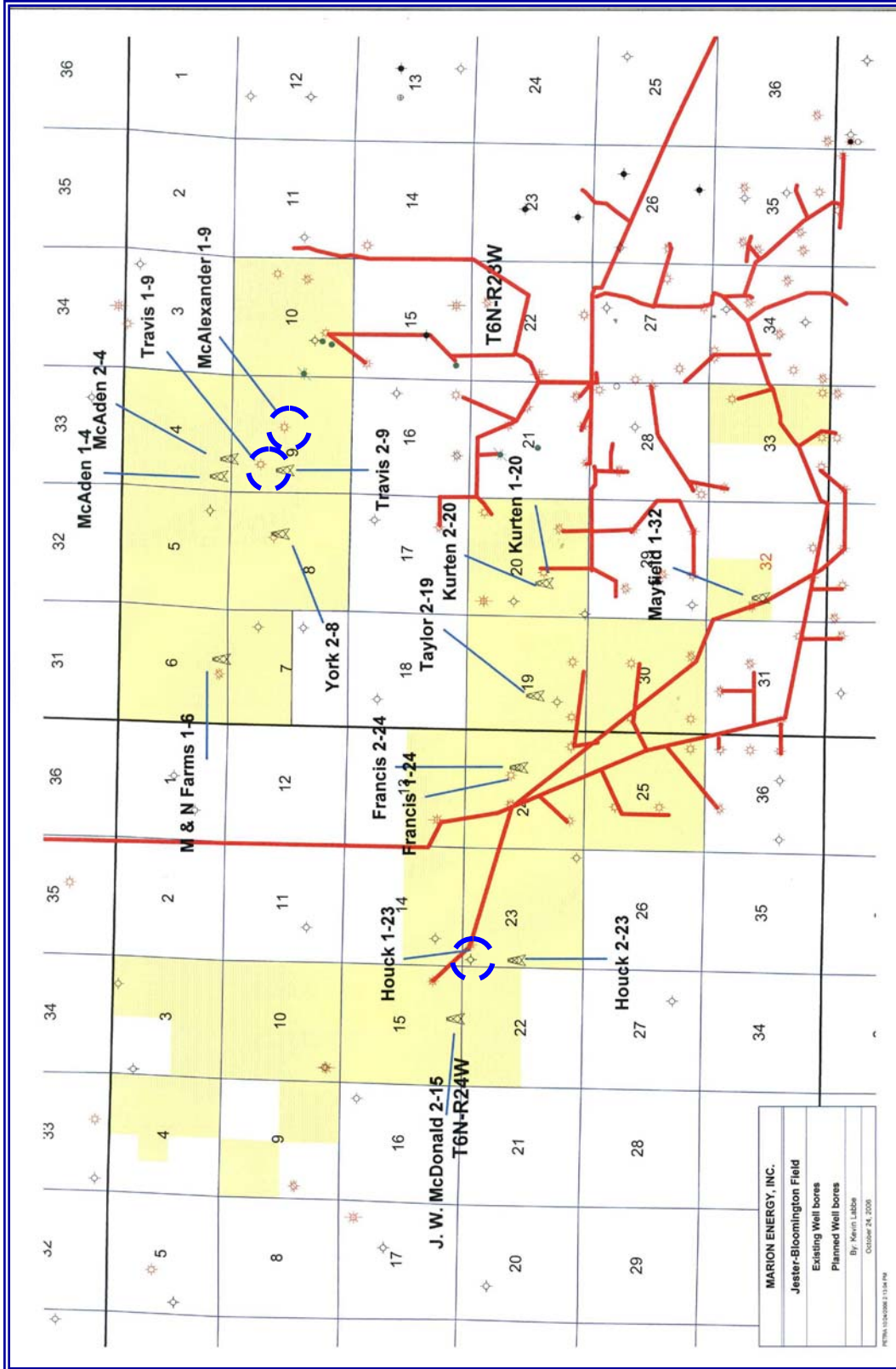
In addition to the 3-fold increase in acreage position this represents (from approximately 8,000 to 24,000 gross acres), the Company has participated in the acquisition of 53 wells in the North Bloomington and Willow Gas Fields, which have produced approximately 5 billion cubic feet of gas from the Brown Dolomite. The majority of these wells are currently shut-in or require remediation, but produce at a combined rate of 200 mcf/d. Given that the acreage was developed on a spacing of greater than 160 acres in the 1970’s and 1980’s and based on the recent test results from the Travis#1 and Houck#1 wells in the Jester-Bloomington Field area, the Company sees the potential for significant increases in production through a program of work-overs and re-completions of existing wells as well as the potential for major re-development of the field areas through down-spacing to 40 acres or beyond.

Importantly the acquisition includes compression facilities and 112 kilometres of pipeline and gathering system on both the existing and newly acquired acreage with a six inch line tie-in to the interstate pipeline. This gives the Company direct and immediate access to the domestic US natural gas market.

JESTER-BLOOMINGTON WELL-TEST RESULTS – ODY 33.3% WORKING INTEREST

Two existing wells within the original Jester-Bloomington project area were acquired, re-entered and flow tested in October – November 2006. These wells, Travis #1 and Houck #1 were drilled in 1959 and shut-in in the late 1990’s. The Travis #1 was placed on an initial 24-hour test and achieved a stabilized flow rate of 280 mcf/d after water had been removed from the well-bore. The Houck #1 well was given the same treatment and reached a stabilized flow rate of 750 mcf/d over a four day period. Given that these rates are as high as or higher than the original production rates, it is possible that the reservoir in this area of the field has re-charged and it is likely that the initial 160 acre spacing was not small enough to efficiently drain the reservoir, leaving most of the field’s original gas reserves in the ground.

The first new appraisal / production well on the field (McAlexander#1) was drilled in August – September 2006. The well penetrated both the Brown Dolomite and Granite Wash reservoirs with a gross reservoir thickness of approximately 120 ft, and has been cased, perforated and fracture stimulated in the Granite Wash. The well produced at a stable rate of 411 mcf/d for over 24 hours after initially peaking at 575 mcf/d. The shallower Brown Dolomite reservoir will also be perforated and tested before a final combined rate for the well is announced.



Location of Existing Jester-Bloomington Leases, McAlexander#1, Travis#1 & Houck#1 Wells

JESTER-BLOOMINGTON GAS RE-DEVELOPMENT PROJECT SUMMARY

The Jester-Bloomington Field, discovered in June 1959, encompasses two reservoirs (Brown Dolomite and Granite Wash) which combined have a productive footprint of 14,200 acres and a structural footprint of 24,000 acres.

Within the field area a total of 78 wells were drilled in the Granite Wash, with the deepest interval completed at 1,540 feet. Of these, 20 commingled production from the Brown Dolomite and only 4 were completed as dedicated Brown Dolomite producers. Average well spacing in the Granite Wash is over 160 acres and in the Brown Dolomite is over 640 acres.

The cumulative volume of gas produced from the field was approximately 7.9 BCF with peak production between 1974 and 1979, after which production flattened and gradually declined until 1998 at which point the field was shut-in.

In line with current industry practise in the Brown Dolomite and Granite Wash on trend, the Operator intends to in-fill existing wells and re-develop both reservoirs in the field on an initial 160 acre spacing, with the potential to subsequently down-space to 40 acres or beyond. This strategy has been employed in the nearby Erick Gas Field, which has produced over 200 BCF from the Brown Dolomite reservoir only.