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ASX/media announcement

GAS SALES AGREEMENT SIGNED

Great Artesian Oil & Gas Limited (ASX: GOG), as operator of the Smegsy Block Joint Venture (Joint Venture), wishes to advise that the Smegsy Block Joint Venture parties have successfully negotiated a Gas Sales Agreement with the South Australian Cooper Basin Producers (SACBP), for the purchase of gas to be produced from the Joint Venture's Smegsy-1 gas discovery well, located in PEL 106.

The contract provides for the purchase of gas, liquefied petroleum gas (LPG) and condensate for a period of up to 3 years. Specific commercial details of the contract remain confidential, however the contract provides for flexible production consistent with a single well head Smegsy gas field.

This is the first Gas Sales Agreement entered into by the SACBP for purchase of third party Cooper Basin gas. The agreement to purchase gas at Moomba makes it clear that junior explorers can discover and commercialize gas accumulations in the Cooper Basin. the Chairman of Great Artesian Mr Norm Zillman commented.

"This contract creates a template for commercializing any further discoveries we make. The Joint Venture is very pleased with the contract terms, the outcome of our negotiations have clearly demonstrated the sincerity of the SACBP to foster third party gas exploration within the region" Mr Norm Zillman said.

Great Artesian expects contracts for the pipeline construction (which entails only a 4 km tie-in line) to be let within the next month or so, and revenue from the first production hopefully to be available by the end of the year, following pipeline construction.

The initial production into the pipeline from Smegsy will facilitate further testing and fine tuning to determine optimal flow rates, following which the Joint Venture will be in a position to forecast future revenue earnings from its Smegsy gas production.

This announcement comes at a time when Great Artesian has just completed a successful \$7 million cash raising and is embarking on a significant drilling program which will see a number of gas and gas/condensate wells drilled within PEL 106, starting with Rossco-1 located 5 km north of Smegsy in October 2005.

Interests in the Smegsy Block Joint Venture are:

Great Artesian Oil and Gas Limited	75.0%
Enterprise Energy NL	25.0%

Participants in the SACBP are Santos Limited (Operator), Santos Petroleum Pty Ltd, Bridge Oil Developments Pty Ltd, Santos (BOL) Pty Ltd, Vamgas Pty Ltd, Alliance Petroleum Australia Pty Ltd, Reef Oil Pty Ltd, Delhi Petroleum Pty Ltd, Origin Energy Resources Ltd, Novus Australia Resources NL and Basin Oil Pty Ltd.

Further information can be obtained from Dr Ray Shaw, Managing Director, Great Artesian Oil and Gas Limited and the GOG Web-site, www.greatoil.com.au.