

27 September 2006

Company Announcements Platform  
Australian Stock Exchange  
Level 4  
20 Bridge Street  
SYDNEY NSW 2000

**By e-Lodgement**

Dear Sir/Madam

**SUGARLOAF-1 WEEKLY PROGRESS REPORT  
PREPARING TO LOG AND RUN 9-5/8" INTERMEDIATE CASING**

Aurora Oil & Gas Limited advises that at 6am Texas time on 26th September 2006 the Sugarloaf-1 exploration well, located in the onshore Gulf Coast Basin in Texas, USA, was at a depth of 14,480 feet (4,421 metres) and preparing to run wire-line logs.

A further release is expected to be made this week following interpretation of the wire-line logs.

After the acquisition of wire-line logs, 9-5/8" intermediate casing will be run and cemented, and the well will continue drilling in an 8-1/2" hole to the programmed total depth of 21,000 feet (6,400 metres).

The primary Hosston target is expected to be reached in mid to late October and the total depth of the well in mid November.

ASX releases will continue to be made routinely every Wednesday unless there are material matters which require an earlier release.

Participants in the Sugarloaf-1 well are:

Aurora Oil & Gas Limited <sup>1</sup>	20.0%
Texas Crude Energy Inc (Operator) et al <sup>2</sup>	41.5%
Eureka Energy Ltd	12.5%
Adelphi Energy Ltd	20.0%
Empyrean Energy plc	6.0%

<sup>1</sup> Through its wholly-owned US subsidiary Sugarloaf Oil & Gas LP

<sup>2</sup> Includes other US private companies / investors

Further details of the Sugarloaf Prospect and associated farm-in terms are summarised on our website at [www.auroraog.com.au](http://www.auroraog.com.au), where a brief review of the US gas market and fiscal terms can also be found.

Yours sincerely

**AURORA OIL & GAS LIMITED**

**Alex Neuling**  
**COMPANY SECRETARY**

***This report contains some references to forward looking assumptions, estimates and outcomes. These are uncertain by nature and no assurance can be given by Aurora that its expectations, estimates and forecast outcomes will be achieved.***

Information contained in this report concerning the background to the Sugarloaf Prospect was compiled from information provided by Texas Crude Energy Inc and reviewed by P D Allchurch, BSc, FAIMM, MPESA, who has had more than 35 years experience in the practice of geology and more than 5 years experience in petroleum geology. Mr Allchurch has consented to the inclusion in this report of the matters based on this information in the form and context in which it appears.