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Centralised Company Announcements Platform
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Sydney NSW 2000

Substantial oil production from Niobrara Shale wells near EMR Green River Basin acreage

Highlights:

- ❖ **Quicksilver Resources reports sustained production of over 500 barrels of oil per day (bopd) oil from a horizontal well and around 100 bopd from single zones in several vertical wells near Emerald acreage**
- ❖ **Significant step forward in proving potential of Green River Basin (GRB) Shale oil play in Colorado/Wyoming, USA**

Emerald Oil & Gas (ASX: EMR) holds a 45% interest in the Green River Basin Joint Venture (GRBJV) in Colorado and Wyoming, USA, which includes approximately 86,000 gross acres (approximately 35,000 Net EMR acres) of undeveloped Niobrara shale oil leases. Entek Energy (ASX: ETE) operates the GRBJV and holds the remaining 55% working interest.

Emerald recently completed a three vertical well appraisal drilling program and is currently awaiting initial production results from ETE, which are expected to be available shortly.

Quicksilver Resources, a large US independent oil company with acreage holdings 25 miles to the south of EMR's Niobrara shale oil acreage in the Green River Basin recently announced over 500 bopd is being produced from a from a partially completed, horizontal well in the Niobrara shale and around 100 bopd from single Niobrara zones treated with hydraulic fracture stimulation treatment in several other vertical wells.

The directors of Emerald consider the Quicksilver production results to be significant for EMR, as they indicate that a frac treatment design, effective in the Green River Basin Niobrara shale oil play, has now been demonstrated and this provides clear evidence of the production potential that could be expected from wells on EMR acreage.

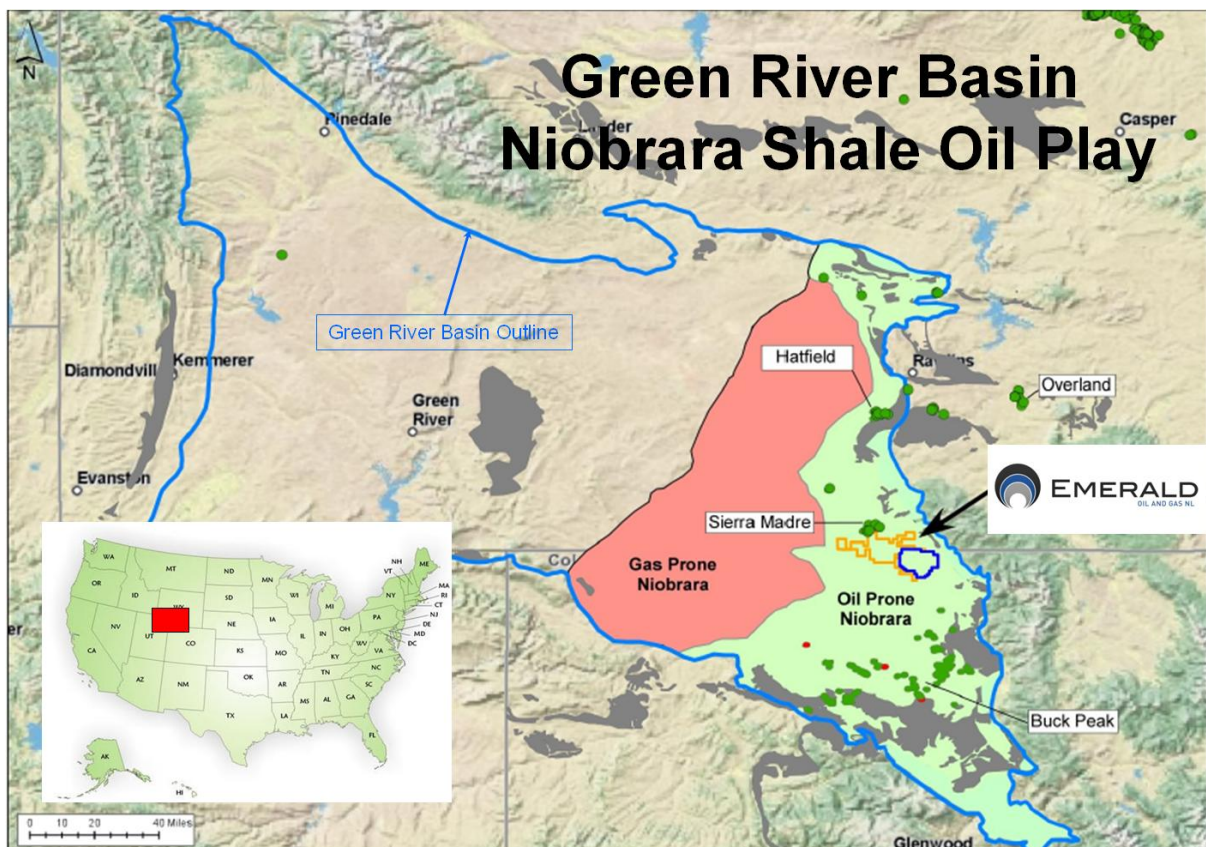
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Emerald's Managing Director, Mike Krzus, said "The key characteristics of the Niobrara shale are continuous over the area covering both Quicksilver's and Emerald's acreage holdings and this makes us confident that similar production performance can be expected from wells on our acreage once horizontal drilling and similar frac treatments are applied."

Emerald Appraisal Drilling Program

A three well appraisal drilling program that commenced last July was successfully concluded at the beginning of December. The wells were designed to identify the most prospective zones to target for future wells and to gather the detailed technical information necessary to design and execute effective fracture stimulation treatments in oil production wells in the 2012 GRBJV drilling program.

The Company considers the successful execution of the appraisal program a significant milestone and commends the professional operational performance of Entek's Denver based team which delivered the program on budget in a challenging operational environment. The appraisal drilling program yielded a large amount of valuable technical information which will be used for planning future wells.



As previously reported, the wells intersected multiple, intensely fractured zones above, below and within four prospective oil pay zones or "benches" in the Niobrara shale. The entire Niobrara shale section and large shale sections above and below the Niobrara are oil charged.

Many more prospective pay zones requiring separate frac treatments were encountered than originally anticipated. Time constraints due to wildlife stipulations permitted only 5 small fracs of various designs to be conducted in the lowermost section of the wells. The remaining 20+ prospective individual zones in the wells were perforated and treated with small crude oil breakdown treatments before operations shut down for the season.

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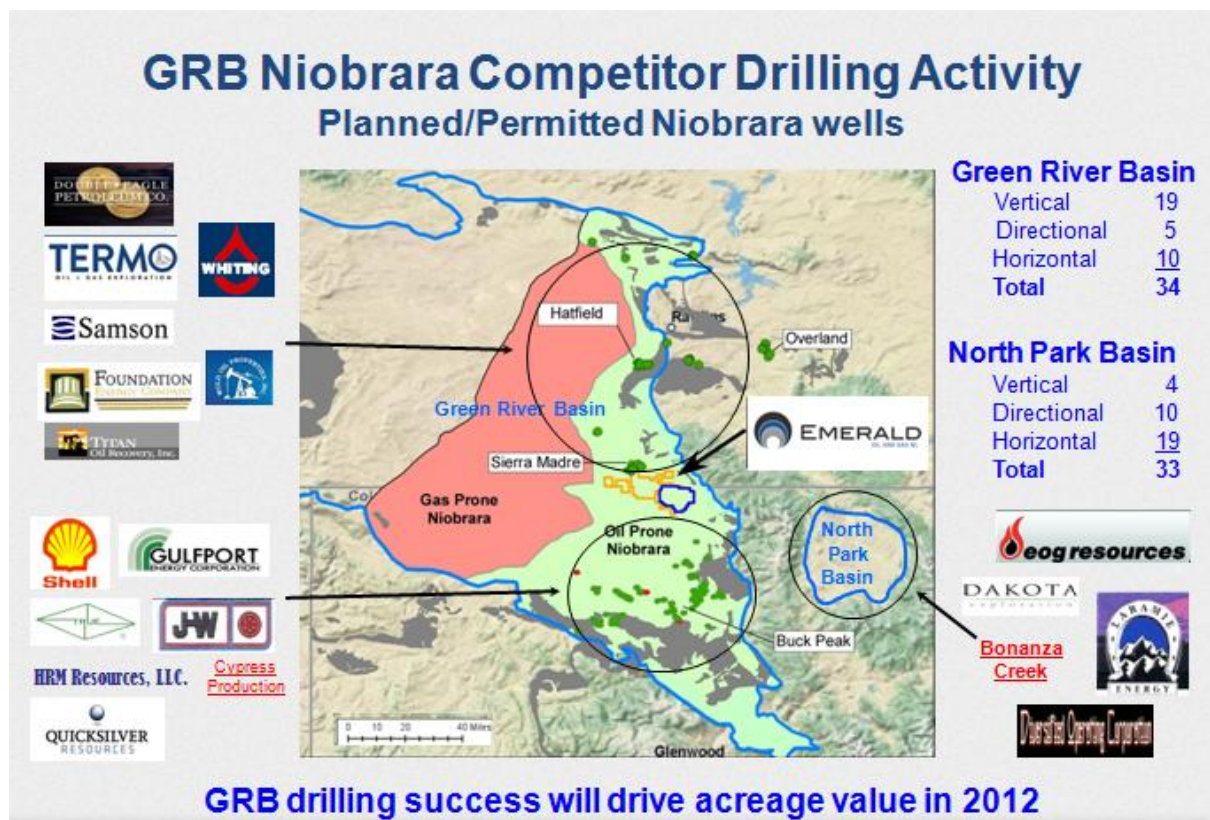
Pumps were installed on all 3 wells and production start-up operations have been underway through December, with all completed zones in each well producing comingled, as planned.

Advice is awaited from the Operator on initial production rates. High production rates similar to Quicksilver's results are not expected, as the wells were designed to optimally acquire technical information for the 2012 drilling program rather than as oil producers and the most prospective zones in the wells have not yet been effectively stimulated with hydraulic fracture treatments. Initial production information will be provided as it becomes available.

The 20+ unfracted zones include the most prospective Niobrara benches, as identified from log data. Several of these benches correlate with productive Niobrara zones in the area. These zones will now be selectively treated during the 2012 operating season, with frac designs based on the best information available from 2011 drilling activity in the area. Some of the zones may be drilled out with horizontal laterals prior to fracking.

Quicksilver Well Results

Several operators including Quicksilver are also conducting Niobrara appraisal drilling programs in the Green River Basin and are experimenting with various well design and completion techniques to prove the potential of the GRB Niobrara shale oil play.



Quicksilver recently completed a drilling program consisting of 6 vertical wells and 1 horizontal well in an area approximately 30 miles to the South of EMR's acreage.

Recently announced initial production results from their Niobrara shale drilling program includes over 500 bopd from their horizontal well and around 100 bopd from single, fracted, Niobrara zones in their vertical wells.

Only about half of the 3000 ft horizontal lateral currently producing 500 bopd was able to be fracted before operations were shut down due to wildlife stipulations. This

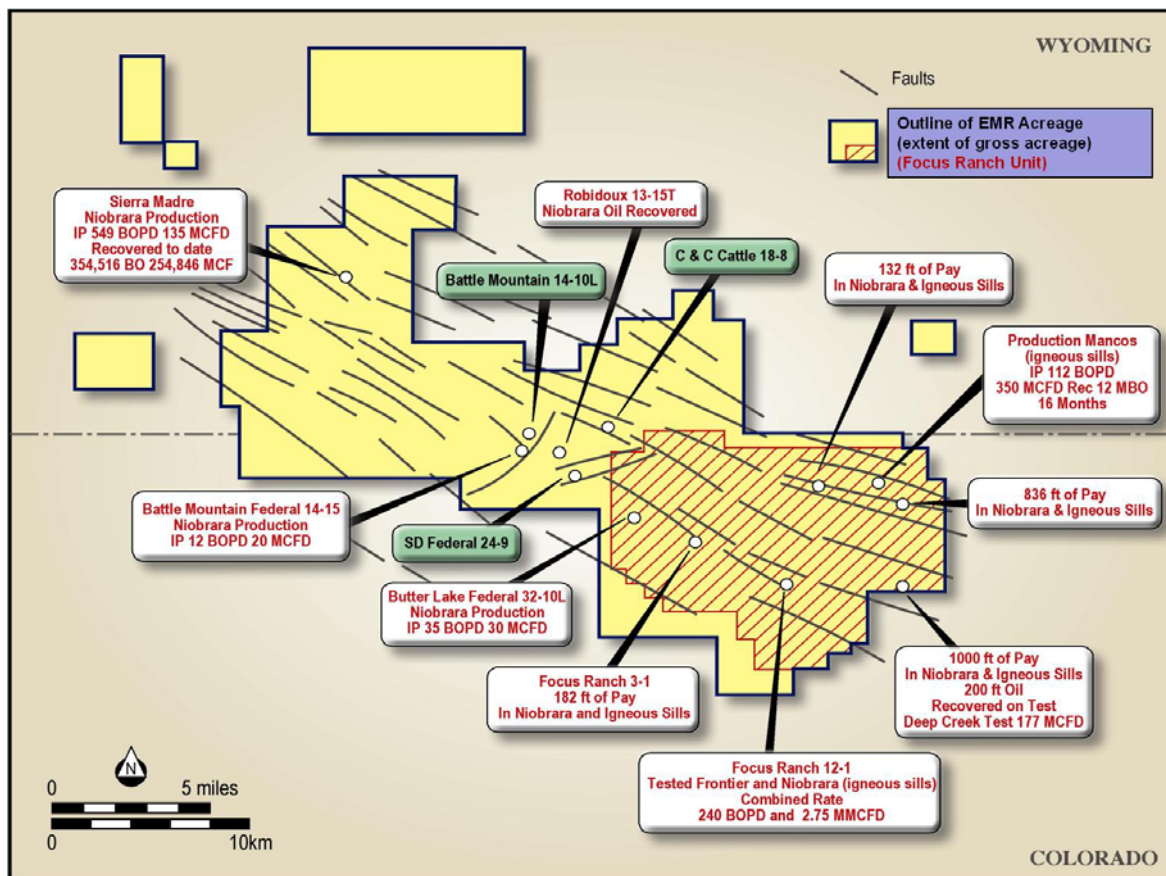
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suggests the well should be capable of significantly higher oil rates once the rest of the well is fraced. Further, the 3000 ft lateral was drilled as a horizontal test well to assess frac treatments and production potential. Shale oil development wells are typically more than twice that length, with corresponding production increases to be expected.

It is evident from the vertical and horizontal well production performance that Quicksilver has successfully designed and successfully executed one or more frac treatments capable of generating high oil production rates from the Niobrara Shale in the GRB. They are holding technical details of their frac treatments confidential, as is normal in the competitive environment surrounding an emerging shale play. However, as with all other US shale oil plays to date, technical details of the first successful frac treatment designs are expected to become known to the industry over the coming months and further technical refinements will be made to further improve their effectiveness as the play is progressively proved with more wells.

Directors believe the Quicksilver well results are extremely significant for EMR, as they affirm the production potential of EMR's acreage. Although it is premature to consider the GRB Niobrara Shale oil play proved on the basis of Quicksilver's well results, demonstration of an effective frac treatment for the GRB Niobrara and strong oil flows from their partially completed horizontal well is a major breakthrough in proving the Green River Basin Niobrara shale oil play. This provides clear evidence of the production potential that could be expected from wells on EMR acreage once similar frac treatments and horizontal drilling is applied.

This inference can be made with confidence, as the characteristics of the Niobrara shale are continuous over the area covering both Quicksilver's and EMR's acreage holdings. Key Niobrara Shale characteristics include the same multiple pay zones (benches), similar total Niobrara thickness, similar depths, confirmed continuous oil charge, evidence of extensive natural fracturing and demonstrated vertical well production performance from wells on and near EMR's acreage as shown below.



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Forward plans

EMR and ETE now plan to conduct a detailed technical review of the results of the 2011 appraisal program in early February before finalising a 2012 GRBJV Work Program and Budget.

Significant activities under consideration for the 2012 GRBJV work program include:

- drilling a number of new wells (including both horizontal oil producers and vertical appraisal wells)
- re-entry of the 3 vertical wells drilled in 2011 and other existing wells to selectively treat unstimulated intervals and/or drill and frac horizontal laterals from these wells
- additional 2D and 3D seismic acquisition
- field production infrastructure expansion to accommodate the increasing oil and gas production anticipated from Niobrara drilling.

With some 86,000 gross acres now held by the GRBJV as a result of additional acreage acquisitions in 2011, the Company believes Contingent Resources in the order of 270 million barrels of oil and 275 Billion cubic feet of gas are potentially recoverable, based on the estimates contained in an independent resource study commissioned by Entek and announced 15 December 2010. These resource volumes would be increased further with the potential acquisition of an additional 28,000 gross lease acres (around 19,000 net acres) by the GRBJV, as announced by Entek on 22 December 2011.

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About Emerald Oil & Gas NL

Emerald Oil & Gas NL (ASX: EMR, EMRO) was listed on the ASX in June 2006. Emerald Oil & Gas NL is a petroleum exploration and production company based in Perth, Australia. The Company holds interests in exploration and production operations in the USA (Colorado, Wyoming, Kentucky and Texas) and offshore Western Australia. Emerald's main focus is its large Green River Basin acreage holding over the Niobrara Continuous Shale Oil accumulation in Colorado and Wyoming. Emerald plans to use its position in the Green River Basin as a foundation on which to build a company focused on unconventional resource plays in the Rocky Mountain region.

Statements regarding Emerald's plans with respect to its petroleum properties are forward-looking statements. There can be no assurance that Emerald's plans for development of its petroleum properties will proceed as currently expected. There can be no assurance that Emerald will be able to confirm the presence of additional petroleum deposits, that any discovery will prove to be economic or that an oil or gas field will successfully be developed on any of Emerald's petroleum properties.

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Competent Persons Statement

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr Mike Krzus, Chief Executive Officer and Managing Director of Emerald Oil and Gas NL, who has consented to the inclusion of that information in the form and context in which it appears. Mr Krzus has 29 years experience in petroleum engineering and the petroleum industry, both in Australia and internationally. He holds a Bachelor of Science Petroleum Engineering from Tulsa University and a Diploma of Oil and Gas Technology from the British Columbia Institute of Technology

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