



sunset energy Ltd

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Manager Announcements
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SYDNEY NSW 2000

DRILLING COMMENCES AT THE ALISO CANYON PROSPECT

Highlights

- The Sesnon Fee #7 Redrill No.1 well has spudded at the Aliso Canyon Prospect.
- The Aliso Canyon prospect is located in the oil and gas rich Ventura Basin in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California.
- The Project has estimated potential P50 recoverable resources of approximately 3 million barrels of oil on a 1,200 acre position. A discovery of this size, given Sunset Energy's equity position, would represent a material event for Sunset Energy.
- Sunset Energy has a 8% working interest in the new prospect at Aliso Canyon.

Sesnon Fee #7 Redrill No.1 well spuds at the Aliso Canyon Prospect

Sunset Energy Limited ("Sunset Energy" or "the Company") (ASX Code: SEY) is pleased to announce that the drilling of the Sesnon Fee #7 Redrill No.1 well has commenced at the Aliso Canyon Prospect, which is located in the oil and gas rich Ventura Basin in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California.

Preparatory work at the Sesnon Fee #7 Redrill No.1 well has been undertaken to re-enter an existing well bore down to a depth of approximately 7,500 feet. As of 6.00am 5 October 2008 (Pacific Coast Time, USA), the well was being prepared to kick off and directionally drill from about 7,532 feet. This well will take up to 10 days to drill in the absence of any unforeseen operational problems using the Kenai Rig #44.

The drilling plan involves drilling a new 2,400 feet directional section down to approximately 9,901 feet to evaluate the primary objectives involving the hydrocarbon charged Sesnon and Frew Sands on an undrilled up thrown side of an adjacent fault block to the Aliso Canyon oil field.

The Project has estimated potential P50 recoverable resources of approximately 3 million barrels of oil on an 1,200 acre position. A discovery of this size, given our equity position, would represent a material event for the Company.

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Total dry hole costs for this well are estimated at US\$1.0m, with a successfully completed well expected to cost approximately US\$1.5m. In the success case, the Company, and its partners (including Solimar Energy Limited (ASX: SGY)), in the project, will have access to existing oil facilities and gas pipeline without having to participate in the construction of separate facilities. Trio Petroleum will be the operator of the new drilling operations. A US Utility Company will do the preparation of the existing well bore and, in the success case, operate the well while producing into their production facilities.

Sunset Energy has an 8% working interest in the new prospect at Aliso Canyon.

Background to the Aliso Canyon Field Prospect

On 26 September 2008, Sunset Energy announced the acquisition of an 8% working interest in the Aliso Canyon field, which is located in the Santa Susana Mountains just north of the San Fernando Valley in the Los Angeles County, California.

The Aliso Canyon oilfield was discovered by Tidewater Associated Oil Company in 1938. Cumulative production at Aliso Canyon oilfield exceeds 60 million barrels of oil and 180 million cubic feet of gas.

The Aliso Canyon structure is primarily a southeast-dipping nose with Pliocene oil zones trapped up dip to the north by the Santa Susana fault and to the west by the Frew fault. The deeper Miocene and Eocene productive oil sands are trapped up dip by the south dipping Ward reserve fault in the centre of the field. These deeper sands, known as the Sesnon and Frew sands are the primary gas storage zones in the main Aliso Canyon field.

Partners in the Aliso Canyon Prospect (and their respective working interests) are:

US Utility Company (Operator):	50.0%
Trio Petroleum:	25.0%
Solimar Energy Limited (ASX Code: SGY):	12.0%
Sunset Energy Limited (ASX Code: SEY):	8.0%
Other Partners:	5.0%

Yours faithfully,



David Prentice
Director

The geological information included in this announcement has been reviewed and signed off by **Mr Dale Kunitomi (B.S. (Geology)** University of California, Los Angeles), a qualified geologist with over 40 years experience, mostly involving oil and gas exploration and development geology in California. Mr Kunitomi is employed as a consultant by Solimar Energy, LLC.