



**sunset energy** Ltd

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Manager Announcements  
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SYDNEY NSW 2000

## Oil Discovery at the Silverthread Project

### Highlights

- Nesbit #5 well has encountered approximately 800 feet of potentially oil bearing section in the Saugus Formation, the net hydrocarbon column is approximately 280 feet.
- Wireline logs indicate that the Saugus Formation is hydrocarbon bearing, however further evaluation of the data and production testing is required to determine the size and commercial significance of this discovery.
- Sunset Energy has secured an 18.5% interest in a further 200 acres (limited down to the depth of the Saugus Formation) which adjoins the Nesbitt Lease.

Sunset Energy Limited ("Sunset Energy") (ASX Code: SEY) is pleased to announce that the Nesbit #5 exploration well has encountered approximately 800 feet of potentially oil bearing section in the Saugus Formation. The net hydrocarbon column is approximately 280 feet.

The Nesbitt #5 well at the Silverthread Project in the Ventura Basin, California reached the target depth of 7,134 feet at 1830 hours on 31 May 2008 (Pacific Coast Time, USA). Wireline logs have now been obtained across the Saugus Sandstone reservoir at around 3,200 to 4,000 feet (measured depth) and the Upper and Lower Mohnian Sandstone (Monterey Formation) reservoir at around 7,000 feet. Wireline logging results and initial core examination indicate the Saugus Formation is hydrocarbon bearing and the Upper and Lower Mohnian Sandstones are non- hydrocarbon bearing. The Saugus Formation is recognised as an oil producing sandstone in the immediate area of the Silverthread Project.

Forward operations will involve casing and completing the upper section of the well across the Saugus Formation where the discovery has been made and performing production testing.

At this stage it is too early to make any definitive comments about the size and commercial significance of this discovery. The potential oil bearing accumulation is interpreted to be a steeply dipping formation sealed against a fault. An extensive side wall coring operation, combined with dip meter logging analysis and production testing over the coming weeks will provide a better indication of the discovery potential. It is important to understand that this area is very rugged and geologically complicated with no seismic survey coverage. Exploration is controlled by surface geology, well control and analogue data.

As a result of the discovery, both Sunset Energy and Solimar Energy have agreed with the Operator, Mirada Petroleum, to expand the acreage position into the adjoining lease although the depth limited down through the Saugus Formation. In exchange for an interest in a further 200 acres, Sunset Energy will slightly reduce its equity position from 20% to 18.5% over the new acreage position. Sunset Energy retains its 20% interest in the original Nesbitt lease. Subsequent drilling on either lease will be on a working interest basis with no further promote paid beyond the current well.

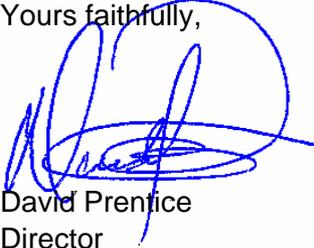
### **Background to the Silverthread Project**

Sunset Energy has a 18.5 to 20% working interest in the Silverthread Project, which is located in the prolific Ojai oil and gas producing area in the Ventura Basin, about 100 kilometres northwest of Los Angeles, California (refer to Figure 1). This area contains several producing fields which include Silverthread, Sisar Creek, Lion Mountain, Sulphur Mountain and Sulphur Crest.

### **Partners in the Silverthread Project (and their respective working interests) are:**

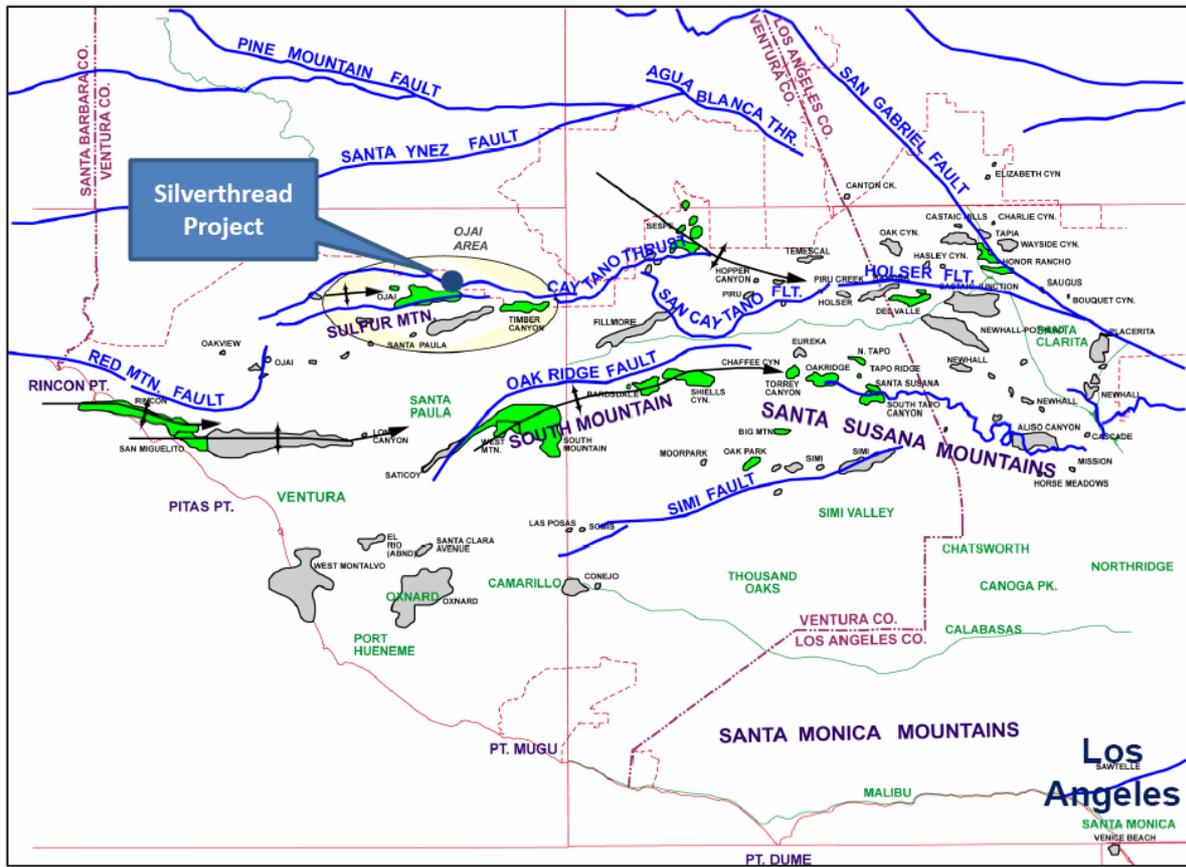
Mirada Petroleum Inc. (Operator) and Partners:	63.0% to 60.0%
Solimar Energy Limited (ASX Code: SGY):	18.5% to 20.0%
Sunset Energy Limited (ASX Code: SEY):	18.5% to 20.0%

Yours faithfully,



David Prentice  
Director

Figure 1. Silverthread Project Location (upper Ojai Oil Field)



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