

15 August 2006

(ASX code: NXS)

**Progress Report No. 6
Longtom-3 Well VIC/P54
“LONGTOM 3 HORIZONTAL WELL DRILLING AHEAD
WITH 390 METRES OF GAS RESERVOIR
INTERSECTED TO DATE”**

Nexus Energy Limited is pleased to advise that at 09:00 hours (EST) on Tuesday the 15th of August the Longtom-3 H (Horizontal) well was drilling ahead at a measured depth of 2910 metres.

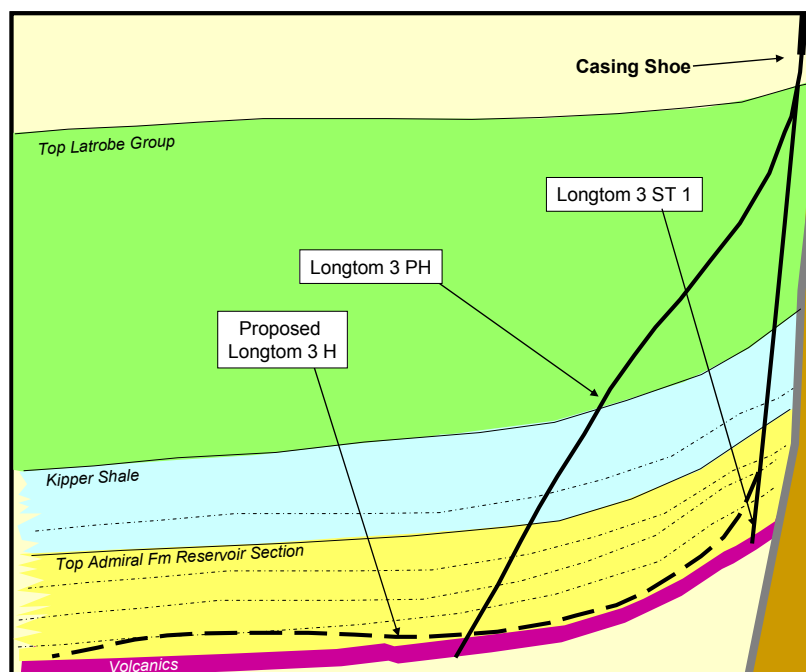
Key Points

- **Longtom 3 H (Horizontal) has, to date, intersected 390 metres of gas reservoir sands within 2 separate reservoir objectives in the lower part of the Admiral Formation.**
- **The well is tracking through laterally continuous gas sands that were predicted from Nexus’ interpretation of the seismic amplitude data.**

Operations conducted since last Report:

Following the successful drilling of the Longtom-3 ST1 side track section, the well was plugged back to a depth of 2385 metres and 10 ¾ inch casing was run and set across the upper gas sands.

To date 540 metres of new hole has been drilled in the horizontal section of Longtom-3 H.



Future Operations:

Planned future well operations are to continue to drill the horizontal well through the lower gas sands of the Admiral formation. The horizontal section of the well will continue to provide information in relation to the quality and lateral continuity of the lower Admiral reservoirs. After the drilling of the horizontal section it is intended that the well will be completed with both the upper and lower sands being tested to confirm the productivity of the key gas zones. Upon completion of a successful production test the well will be suspended as a future producer.

Nexus' Managing Director Mr Ian Tchacos said, "The results of the well to date continue to be very encouraging and provide us with increased confidence in our geological interpretation. The intersection of such a large reservoir section in this early part of the horizontal well path is a particularly positive result in terms of potential well productivity. We look forward to a similarly strong correlation between potential pay zones identified on seismic and the actual gas sands which we expect to intersect from the rest of the well."

Location

The well is located in VIC/P54, in the offshore Gippsland Basin, Victoria.

Latitude 38 deg 05' 34.70" S

Longitude 148 deg 18' 41.57" E

Participants:

Nexus Energy VICP54 Pty Ltd 37.50%

The Longtom -3 well is a sole risk appraisal project operated and funded by Nexus Energy Limited. Apache Northwest Pty Ltd has back in rights pursuant to joint venture agreements which enable Apache Northwest Pty to participate in any potential Longtom development upon the payment of a backing penalty.

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