

DEEP WELL CONVERTS PERMIT TO LEASE AND OPERATIONAL UPDATE

May 12, 2009 – 08:00 EDT

EDMONTON, ALBERTA - (Marketwire - May 12, 2009) Deep Well Oil & Gas, Inc. and its subsidiaries ("Deep Well") (PINK SHEETS: DWOG - News) are pleased to announce that its winter drilling program has met its objectives and the Company has been allowed to convert 5 sections of its 5 year oil sands permit, which would have expired on April 9, 2009 to a 15 year primary oil sands lease.

The Company drilled 6 wells during this year's winter drilling season. Three wells were drilled on the oil sands permit lease to provide technical data to support the required regulation set out by the Department of Energy to convert the aforementioned 5 sections of our oil sands permit. In addition, three wells were drilled further north. These wells continued the delineation of the main reservoir trend and confirmed the main reservoir continues towards the northern limits of our leases.

The Company is evaluating the many options for production, now available to it, to decide the best course of action. Drilling on 80% owned lands has opened new avenues for testing and further development of the Sawn Lake project. On the 12 sections of jointly held lands, which the Company does not operate, the Company is also exploring different plans of action with the operator.

On March 18, 2008 the Department of Energy granted our request to extend the term of our oil sands permit for 1 year to April 9, 2009. On May 5th, 2009 we were informed by the Alberta Department of Energy that they had approved our application to convert 5 sections of our oil sands permit to a 15-year primary lease. By drilling on these lands, where the permits were set to expire, Deep Well has not only preserved title to 5 sections but now has a primary lease which is now valid for an additional 15 years.

In the near term Deep Well also expects to begin an environmental assessment for further development of the Sawn Lake project.

Deep Well Oil & Gas, Inc. is a Nevada corporation based in Alberta Canada. Deep Well and its subsidiaries Northern Alberta Oil Ltd. and Deep Well Oil & Gas (Alberta) Ltd. have a 100% working interest in 6 contiguous sections of a Petroleum and Natural Gas licence ("P&NG"), an 80% working interest in 56 contiguous sections of oil sands development leases and a 40% working interest in an additional 12 sections of oil sands development leases in the Sawn Lake heavy oil area in North Central Alberta. The P&NG and oil sands leases cover 46,812 acres. Degolyer and MacNaughton Canada Limited ("D&M"), an independent engineering company, has summarized the original oil in place for the Sawn Lake Project. D&M have concluded that net to Deep Well there are 1.2 billion barrels of oil in place, based on mapping generated for the appraisal report.

This press release contains forward-looking statements including, without limitation, the use of proceeds of the private placement. The words or phrases "would be," "will allow," "intends to," "will likely result," "are expected to," "will continue," "is anticipated," "estimate," "project," or similar

expressions are intended to identify "forward-looking statements." Actual results could differ materially from those projected in the Company's proposed oil and gas related business and described in this press release. The Company's business and the realization of the results contemplated by this press release are subject to various risks, which are discussed in the Company's filings with the Securities and Exchange Commission ("SEC"). The Company's filings may be accessed at the SEC's Edgar system at www.sec.gov. Statements made herein are as of the date of this press release and should not be relied upon as of any subsequent date. The Company cautions readers not to place reliance on such statements. Unless otherwise required by applicable law, we do not undertake, and we specifically disclaim any obligation, to update any forward-looking statements to reflect occurrences, developments, unanticipated events or circumstances after the date of such a statement. Deep Well Oil & Gas, Inc. (PINK SHEETS: DWOOG - News)

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