

10th May 2005

Drilling has commenced in Norwest's Tennessee shallow gas project.

The first well of a five well back to back program has been spudded in Norwest's Tennessee shallow gas project. The wells are targeting the Devonian shale section which is a prolific gas producer throughout the Appalachians Basin from induced and natural fracture systems. The project area lies immediately adjacent to the Pine Mountain Thrust where increased fracture density and thickened and repeated sections of shale provide the potential for enhanced gas flows.

The wells are being drilled under a turnkey arrangement by experienced local Tennessee Operator Miller Petroleum at a cost of US\$235,000 per well. Miller is a very highly regarded operator which has drilled almost 65% of all Tennessee's wells, and is an active gas and oil producer in the area. The expected total depth of the wells is around 3,200 feet.

Norwest and equal share partner Golden Triangle Energy will fund the cost of the wells under a farmin agreement with Miller to each earn a 37.5% interest in production from the wells (with a Net Revenue Interest of approximately 29%).

Wells close to, and on trend with the area have produced gas at project targeted rates of between 100 and 800 thousand cubic feet per day. The success rate of the wells is expected to be close to 100%, as the shale is known to occur throughout the area and is almost always productive.

It is expected that the wells will not flow without fracture stimulation. Frac jobs are scheduled immediately after each well has been drilled and completed.

A gas pipeline system is in place and a marketing agreement for the gas has also been awarded.

Norwest CEO, Joe Salomon stated that the drilling has been eagerly awaited.

"The wells are located in what we believe to be one of the most prospective areas in the Appalachians, and we look forward to having the results of the first well within a few weeks.

Shallow targets are also known to occur in the area, and if present will provide additional value that has not been factored into the project economics."

Norwest and Golden Triangle have a series of drilling options that occur sequentially and within a short time frame that allow for almost continuous drilling to take place. The area covers some 10,400 acres in which more than 100 wells could be drilled.

Norwest has three Appalachians Basin projects aimed at shallow gas from the Devonian shale.

For further information, contact

Mr Joe Salomon, Tel 618 92273240, E-mail: jsalomon@norwestenergy.com.au