

## **ASX ANNOUNCEMENT AND MEDIA RELEASE**

### **07th October 2004 NORTH SEA PARTICIPATION**

Norwest Energy is very pleased to announce that it has signed a Heads of Agreement (HOA) and Area of Mutual Interest (AMI) with Nido Petroleum Limited.

Nido has previously announced that, through a partnership with a UK based company, Stelinmatvic Industries, it has the option to acquire 100% of Blocks 48/1a (part) and 48/2b (part), offered in the 22<sup>nd</sup> Licensing Round in the Southern Gas Basin of the UK North Sea. Under the terms of the HOA, Nido has agreed to assign to Norwest a 50% interest for a consideration including reimbursement of certain costs and a carry through the initial two-year evaluation work program to a maximum of A\$300,000.

This agreement paves the way for Norwest's entry into the North Sea, an area with a first class fiscal regime, very attractive licensing terms under the UK Department of Trade and Industry (DTI) "Promote" licensing initiative and excellent opportunities for small companies to build technical successes.

The 48/1a & 2b block contains a well that encountered 120 metres of gas bearing sandstone and that flowed at up to 2.7 million cubic feet of gas per day when it was drilled in 1984. Stelinmatvic's work indicates that the well is on the flanks of a substantial structure, and the work program will be designed to fully assess the prospect through reprocessing the available 3D seismic to PSDM and completing a new interpretation. Norwest believes that recent advances in seismic, drilling, and well completion technologies will provide a more complete geological picture than previously available, and an increased range of options to drill and potentially produce gas from the structure.

Under the HOA, Norwest and Nido have agreed to work together under an AMI to jointly pursue other North Sea opportunities. Both companies are already reviewing additional opportunities, and Nido and Norwest together will appoint an in-country manager to oversee joint projects. Norwest is very pleased to have established this AMI with Nido and believes that the combined experience and capability produced by it will increase the chances of success for both companies and particularly in the initial stages, it will be more effective in identifying and capturing new projects.

The AMI provides for joint participation in projects over the next three years in the UK, Dutch, Danish and Norwegian sectors of the North Sea where genuine opportunities for small companies exist, without restricting either company's ability to undertake business. In the initial stages Norwest and Nido will focus on the Southern Gas Basin, and will work to identify other strategic areas to produce new core operating areas.

**J A Salomon**

**CEO**