



22 February 2006

Company Announcement

## **First well spuds at Cornstalk, West Virginia US project**

Norwest Energy NL has been advised by Ascent Resources WV, Inc. that the first well in the Cornstalk project in West Virginia has been spudded. Ascent Energy, a US based exploration and production company is the operator of the project.

The well is planned to be drilled to 1,158 metres (3,800 feet) to target gas from the Devonian shale section. Once drilled the wells will be fraced and completed at a later date.

The first four well locations are close to existing gas pipelines providing the opportunity to plumb into the system and to generate early cash flow.

Under a farmin agreement, Ascent will pay Norwest and Alto's share of costs of drilling and completing the first three wells. Ascent is an experienced operator in the onshore US, and is looking to systematically introduce techniques and technology to optimise the gas potential within the shale section. In this well, three cores will be taken for detailed analysis.

Gas has been produced from this shale section in the region for over a hundred years, however, as demonstrated in other shale gas projects in the US, it can take a concerted effort to maximise production rates.

The shale is at a greater depth than Norwest's other projects in Tennessee and Kentucky and as a result is expected to have higher reservoir pressures and flow rate potential. Norwest and partners have been steadily building a very strong lease base with approximately 38,000 acres leased in three West Virginia counties over the last 14 months.

### **Cornstalk Project**

**Well Type:** Unconventional shale gas (onshore)

**Working Interests:** NWE Appalachians LLC – 29%  
(a wholly owned subsidiary of Norwest Energy NL)  
Alto Energy Inc. - 29%  
Ascent Energy – 42% (Project Operator)

**Objective:** Primary Target - Devonian Shale (Gas)

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