



**ASX Companies Announcements Office**

**REPORT FOR THE QUARTER ENDED 30<sup>th</sup> June, 2006**

**Highlights**

- Moondah-1 exploration well in TP/15 spuds on 24 July
- Jingemia-8 development well planned for July
- Farmout efforts underway for large gas structure in North Sea Block 48/1b & 2c
- New seismic being interpreted in two Perth Basin blocks
- Five well drilling program finished in West Virginia, three wells frac'ed in secondary zone
- New gasfield discovered in third well in Kentucky which significantly enhances the prospectivity in the region
- Tennessee wells continued to produce gas at low rates.

**AUSTRALIAN PROJECTS**

**TP/15 Northern Offshore Perth Basin acquiring 10%**

The Moondah prospect was spudded on 24th July. The structure is located 17 kilometres north of the Cliff Head oilfield and 4 kilometres offshore from Dongara in 12 metres of water. The well has a planned Total Depth of 1330 metres with a primary target in the Late Permian Sands in a large rotated fault block.

**AC/P32 Vulcan Sub-basin Timor Sea 30.1%**

A three month extension to Year 3 was granted by the Designated Authority to allow the Joint Venture to complete its analysis of the Magnolia-1 well. Operatorship of the block has been handed over to Coogee Resources, who operate the production at the nearby Jabiru and Challis Fields, are planning a development program for the Montara field and who in recent drilling, have made a number of new discoveries in the adjacent block AC/P34.

AC/P32 block is surrounded by oil and gas discoveries and has potential to host oil and/or gas in a number of different plays. During the quarter, the Joint Venture purchased all of the 3D seismic data (including a large area of recently reprocessed data) that it previously did not have. During the next half, the Joint Venture will undertake a thorough evaluation of the seismic, and the prospectivity of the block. Discussions are ongoing with potential farmin partners to share in forward costs.

## **AC/P22 Vulcan Sub-basin Timor Sea 1.25% Over-Riding Royalty**

Puffin 7 was drilled as a horizontal development well and intersected 635 m of net oil bearing sandstone, with the well being terminated in clean oil sand. The sand was tested and flowed at stabilised rates of 9700 barrels of oil per day, limited by the rate at which test facilities could be safely operated. The operator, AED Oil Limited, reported that the initial capacity for oil production from the well is calculated to be in excess of 15,000 barrels of oil per day. The oil is a sweet light crude with API gravity of 45 degrees.

The Operator is reprocessing 3D seismic data in order to re-calculate reserves following the successes at Puffin 7 and 9. Puffin 9 was drilled as an exploration well in the previous quarter and discovered oil in two Cretaceous sandstone reservoirs, and the well was suspended. A recent operator's report confirms three separate oil accumulations are present: Puffin-2 undeveloped, Puffin-7 - a phase I, Dec to 1<sup>st</sup> quarter 2007 development project at 15,000+ bopd, and Puffin-8 & 9 - a phase II, December 2007 development project at 35,000 bopd.

Production License AC/L6 has been awarded over the Puffin Field.

The operator reports 6 prospects and leads in AC/P22 with possibilities at Puffin-3 and 4 (both of which intersected oil columns), and targets adjacent to Puffin-9, and deeper objectives in the Jurassic section.

Norwest has a 1.25% over riding royalty in the permit.

## **EP 413 and L14 Jingemia Oil Field Northern Onshore Perth Basin 1.278%**

Oil production sold during the Quarter was 184,676 barrels, 2360 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

Average oil production for the quarter was approximately 2030 bopd.

Jingemia-8 development well is planned for the 3<sup>rd</sup> quarter with an anticipated spud in July.

## **EP 368 Northern Onshore Perth Basin 10%**

The 143 km 2D Springy Creek Seismic Survey is currently being interpreted by the operator. The block has a commitment well to be drilled before February 2007.

## **EP437 Northern Onshore Perth Basin 33 1/3%**

The 2D Dog Hole Seismic Survey comprising 72 km of 2D seismic is currently being interpreted along with re-processed older seismic. Previously recorded gravity and magnetic data will be integrated with the new seismic data.

## **EP 364 Offshore Carnarvon Basin 10%**

A Retention License was granted by the WA DoIR.

## **OVERSEAS PROJECTS**

**US Appalachians Gas, Kentucky (WI 70%), West Virginia (WI 29%), Tennessee (WI 37.5% & 50%),**

In Kentucky, the third well in a three well program has produced gas from the Berea Sandstone and represents a new gas find. The Lorraine Tussey-1 well flowed gas to atmosphere after frac'ing at unstabilised rates up to 225,000 cubic feet per day. The well shows strong reservoir buildup and shut-in well head pressure. The other two wells in the program both have gas indications on logs over the same zone and have not yet been tested. The Little Sandy project has 15,842 acres under lease.

In the West Virginia project, drilling of a five well program was completed. Three of the wells have been frac'ed in the secondary Rhinestreet shale zone with gas flows reported up to 70,000 cubic feet per day in the third well. The primary targeted Devonian Shale remains to be frac'ed as crews become available. Norwest share of costs for the first three wells are being carried by the US based operating partner, Ascent Resources. The West Virginia project includes the Cornstalk, Bug Run and Green Park areas and has 37,500 acres under lease.

In Tennessee, gas is being produced from 5 wells in the Koppers/Carden area at low rates. The Rich Mountain project (4,500 acres) is being prepared for sale/farmout.

### **UK North Sea Blocks 48/1b and 48/2c 50%**

Norwest has completed the mapping of reprocessed 3D seismic data over a structure named Boulder. The new maps show a much changed structural picture from that seen on earlier seismic data. With the new data, the structure has increased substantially in size so that it is similar to the producing Hoton structure immediately to the south. A portion of the Boulder structure runs into an adjoining license held by other companies. Preliminary estimates of gas-in-place within Norwest's license indicate 250 to 300 BCF potential, with the possibility for reserve additions, particularly in adjoining fault compartments. The Boulder structure has a well located on its flanks that flowed gas when drilled in the 1980's despite being heavily damaged by non-optimal drilling practices. Wireline logs of the well clearly show a gas column is present. The Hoton field was developed by BP and flowed initially at 65 million cubic feet per day from a single well involving horizontal lateral sections.

Efforts are now underway to sign up a UK/European farmin and operating partner to go to the next stage of drilling.

### **UK North Sea Blocks 47/8d and 47/13c 50%**

The block is immediately northwest of the Amethyst Gas Field (850 billion cubic feet) and seismic data shows evidence that the Amethyst feature continues into the license, and that other structures are present. The available seismic data has been purchased and interpretation is underway.

### **UK North Sea Blocks 12/16b, 12/17a, 12/22b 25%**

Norwest holds a 25% interest in a license awarded in the Inner Moray Firth area in 2005. The area is operated by a UK company which will be leading the evaluation work. The

block holds multiple oil targets and is close to the large Beatrice oilfield (150 million barrel reserves).

## **EXPENDITURE**

The group spent \$809,000 on exploration and evaluation activities during the Quarter ended 30<sup>th</sup> June, 2006.

### **J A Salomon CEO & Director**

*The summary report on the oil and gas projects is based on information compiled by Mr J A Salomon, BAppSc (Geology), Chief Executive Officer of Norwest Energy NL. Mr Salomon holds a relevant degree in geology and has been practising petroleum geology for 25 years.*

*Mr Salomon is the full-time Chief Executive Officer of Norwest Energy NL and has consented in writing to the inclusion of the information stated in the form and context in which it appears.*

# Appendix 5B

## Petroleum exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Norwest Energy NL

ABN

65 078 301 505

Quarter ended ("current quarter")

30 June 2006

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (12 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	263	956
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(809)	(2,865)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	58	281
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)	12	37
<b>Net Operating Cash Flows</b>	<b>(769)</b>	<b>(2,792)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects (b)equity investments (c) other fixed assets	(17)	(58)
1.9 Proceeds from sale of: (a)prospects (b)equity investments (c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)		
<b>Net investing cash flows</b>	<b>(17)</b>	<b>(58)</b>
1.13 Total operating and investing cash flows (carried forward)	(786)	(2,850)

1.13	Total operating and investing cash flows (brought forward)	(786)	(2,850)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,181
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)	-	(271)
	<b>Net financing cash flows</b>	-	4,910
	<b>Net increase (decrease) in cash held</b>	(786)	2,060
1.20	Cash at beginning of quarter/year to date	8,363	5,506
1.21	Exchange rate adjustments to item 1.20	(18)	(7)
1.22	<b>Cash at end of quarter</b>	7,559	7,559

### Payments to directors of the entity and associates of the directors

### Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	143
1.24	Aggregate amount of loans to the parties included in item 1.10	Nil

#### 1.25 Explanation necessary for an understanding of the transactions

Payments to companies associated with directors (in 1.23 above) for:

Corporate consulting fees	21
Technical & management fees	59
Directors fees	17
Administration & secretarial fees	46

### Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

## Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

## Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	984
4.2 Development	97
<b>Total</b>	<b>1,081</b>

## Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	94	218
5.2 Deposits at call	7,465	8,145
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter (item 1.22)</b>	<b>7,559</b>	<b>8,363</b>

## Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

## Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference + securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	199,854,38	199,854,538		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	3,250,000 500,000 500,000 1,100,000 2,500,000 500,000 500,000 250,000 250,000 7,587,500 250,000		<i>Exercise price</i> \$0.20 \$0.10 \$0.15 \$0.15 \$0.15 \$0.13 \$0.18 \$0.20 \$0.25 \$0.20 \$0.11875	<i>Expiry date</i> 28 November 2007 30 June 2008 30 June 2008 21 November 2008 25 November 2009 9 March 2010 9 March 2010 9 June 2010 9 June 2010 27 November 2008 17 April 2011
7.8 Issued during quarter	250,000		\$0.11875	17 April 2011
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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**Compliance statement**

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: .....  ..... Date: .....28 July 2006.....  
 (Director/Company secretary)

Print name: .....E.A. Myers.....

**Notes**

- 1 The quarterly report provides a basis for informing the market how the entity’s activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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