

**ASX Companies Announcements Office**

**REPORT FOR THE QUARTER ENDED 30<sup>th</sup> June, 2007**

**Highlights**

- Puffin-8 flow test provides indicative 15-20,000 stb/d stabilized flow rate
- In preparation for drilling, site survey to be acquired or Cobra well, UK North Sea, in 3<sup>rd</sup> quarter 2007
- Legislation changes allow for extended negotiation timeframe for prospective EPA139, onshore Bonaparte Basin, Northern Territory.
- Sale of all US Appalachian Shale Gas assets has been completed
- Mr Bill Bloking appointed Chairman of Norwest Energy NL
- Mr John Michaels appointed as VP- Business Development with a representative UK office established in London

**AUSTRALIAN PROJECTS**

**AC/P32 Vulcan Sub-basin Timor Sea 24.08%**

The dual-target Azalea and Wisteria prospects has been selected by the Joint Venture as the preferred drilling target(s) for the commitment year following a technical review and ranking of prospects and leads within the block. The joint venture completed a site survey at the proposed Wisteria/Azalea drilling location in late March/early April. This survey has confirmed the joint venture's ability to drill this well with a jack-up rig that has been contracted by the permit operator (Coogee Resources).

Farmout discussions with third parties to assist in funding the well are being progressed by the joint venture.

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

During the quarter, the development well Puffin-8 was completed and flow tested by the operator, AED Oil Limited ("AED"). AED report that Puffin-8 flow tested at an estimated maximum rate of 11,660 stock tank barrels per day (stb/d), and that the flow rate was limited by the testing equipment onboard the drilling rig. AED calculations provide an indicative stabilised flow rate of 15-20,000 stb/d. This flow rate is similar to that achieved by Puffin-7, and drains additional reserves, providing added security of production.

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

Oil produced from the Jingemia Field in L14 during the Quarter was 199,928 barrels, 2555 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 2197 bopd.

In EP413, drilling of Freshwater Point exploration prospect is planned for late 2007/early 2008 depending upon the availability of drilling rigs.

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

Mapping has identified a number of small closures within the permit which will shortly be ranked. The operator has applied for and been granted an extension and suspension of permit years 4 and 5 to February 2008.

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

The Joint Venture is currently reviewing the block. The results of a recent drilling program in adjacent blocks during the 2<sup>nd</sup> quarter 2007 has a bearing on the remaining prospectivity in the licence.

### **R3 Offshore Carnarvon Basin 10%**

A Retention Licence was granted by the WA DoIR.

### **EP139 Onshore Bonaparte Basin - Right to Negotiate for 100%**

Consent to enter into negotiations with the Northern Land Council (NLC) was granted by the NT Minister of Mines and Energy on February 22, 2007. Negotiation with the NLC has commenced and is regulated under the Aboriginal Land Rights Act (NT) 1976 ("ALRA"). Recent changes to ALRA in order to streamline the application process have allowed for a transition period during negotiation, extending the timeframe in which Norwest can negotiate with the NLC.

The block has not been effectively explored since the 1960's when a number of wells encountered hydrocarbon indications. A pipeline from the offshore Blacktip gas field will land within the block from where an overland pipeline will join the Darwin to Alice Springs pipeline.

The block is considered to have good exploration potential.

## **OVERSEAS PROJECTS**

### **UK North Sea Blocks 48/1b and 48/2c 25%**

A site survey over the Cobra location (previously known as Bounder) will be acquired by the joint venture early next quarter to establish the water depth and the condition of the seabed ahead of selecting a drilling contractor. The operator of the joint venture is currently in discussion with potential drilling contractors.

The current licence phase has a drilling commitment of one well within the two year period between December 2006 and 2008.

### **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 licence, and that other structures are present. Reprocessing of the available 2D seismic data has been completed by Norwest and Encore Oil is interpreting the data

### **UK North Sea Block 47/7 50%**

Block 47/7 is located in the Southern Gas Basin adjacent to existing Licence 47/8d&13c, and the two blocks are being worked together. Both blocks are on trend with, and updip of the Amethyst Gas Field which had initial reserves of 735 billion cubic feet and which has been in production since 1991.

The licence is covered by a modern grid of 2D seismic data. The terms of the licence provide an initial two year term with a commitment to complete reprocessing and interpretation of existing data. At the end of the first term a "drill or drop" decision is required. The second two year term carries a commitment to drill one well.

NWE Southern Cross holds a 50% interest in the licence with the remaining 50% held by Encore Oil, a London base company with an active UK offshore portfolio of assets.

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

Norwest holds a 25% interest in a licence located in the Inner Moray Firth. The block holds multiple oil targets and is close to the large Beatrice oilfield (150 million barrel reserves). A number of prospects have been worked up within the block and discussion on future work is underway.

### **US Appalachians Gas, Kentucky (WI 70%), Tennessee (WI 50%)**

Norwest's 70% interest in the Little Sandy (Kentucky) shale gas assets was sold to a local operator for approximately \$US370,000. Norwest's interest in the Tennessee Rich Mountain project was sold for \$US60,500, completing the withdrawal of Norwest from the Appalachians shale gas projects.

## **INDIA**

Norwest's Indian office has concentrated on farmout efforts in AC/P32 and UK Block 48/1b&2c as reported above.

## **CORPORATE**

Mr Bill Bloking has been appointed to the position of Chairman of the board of Norwest Energy NL

Mr John Michaels has been appointed Vice President- Business Development, and will be based in Norwest Energy's representative offices in London.

## **EXPENDITURE**

The group spent \$492,000 on exploration and evaluation activities during the Quarter ended 31st June, 2007.

## **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.*