

## QUARTERLY ACTIVITIES REPORT MARCH 2008

### Highlights

- Cobra spudded in UK North Sea with drilling continuing – weather permitting, TD expected to be reached in early May
- Norwest earns 5% interest in Block 11/29 in offshore Beatrice Field in UK North Sea
- \$893,251 received in royalties from Puffin production
- AC/P 32 – Norwest farms down to 15% interest

### UK OPERATIONS

#### **Cobra Gas Discovery Appraisal: UK North Sea Blocks 48/1b and 48/2c (22.5%)**

At the time of this report, drilling of the Cobra 48/2c-5 well is progressing towards TD. The well spudded on March 23<sup>rd</sup>.

Norwest through operator EnCore Oil has contracted the Ensco 80 jackup rig with ADTI providing engineering and organizational control for drilling the well on a turnkey basis.

The final drilling program agreed by the Joint Venture includes drilling a deviated well at a crestal location of the Cobra structure some 100 metres structurally higher than the 1984 Amoco discovery well (which proved the presence of a gas column in the structure). The final drilling program also includes running one or more flow tests on the well to test the production potential of the reservoir. Further scope of the Cobra appraisal well is to delineate the potential reserve size and reservoir productivity. Norwest believes the use of modern drilling technologies will unlock potentially significant production from the structure.

Several bypassed gas accumulations in the area similar to Cobra have recently been proven commercial, including the E.ON Ruhrgas Babbage discovery located just north of Cobra. Assuming a commercial production test result from the Cobra appraisal well, the consortium would re-enter the wellbore at a later date to drill one or more horizontal laterals in order to maximize production within the field.

### **Farmin to Ithaca's Manuel Prospect**

Norwest recently farmin into Ithaca Energy's Block 11/29, located near the Beatrice field in the inner Moray Firth area of the North Sea. The block includes a number of significant prospects including the Manuel Prospect. Norwest earned a 5% interest in the block by paying 7.5% of the initial well costs. Shortly after the farmin was completed, operator Ithaca Energy drilled exploration well 11/29-1 over the Manuel Prospect. The well reached a total depth of 8147 ft TVDSS and was plugged and abandoned.

The well penetrated reservoir quality sands and found evidence of both oil saturation and residual oil in the Jurassic age sections of the well, however no commercial volumes of hydrocarbons were encountered. Wireline logs were run and MDT pressure and fluid sampling was undertaken but no oil sample was recovered at the surface.

The well was drilled to target multiple reservoir sand units defined within a large stratigraphic closure defined as the Manuel prospect lying 12 kilometres to the southwest of the Beatrice field. The prospect had been delineated using 2D seismic data, which Ithaca complemented with its own seismic acquisition shot in November 2006. The results of this well will allow the joint venture to calibrate the existing seismic data and undertake a full technical work programme to determine future drilling locations within the block.

Norwest concurs with Ithaca's Chief Exploration Officer - Nick Muir, who commented that the Manuel 11/29-1 well, although a high risk exploration well, was a technical success since reservoir sands and hydrocarbons were encountered. The well was drilled in an under-explored area, on a block previously un-drilled and therefore the partnership is highly encouraged by the well results which will strongly influence future exploration in the Beatrice area.

Other participants in the Block include Challenger Minerals 13.33%, North Sea Energy 13.33% and Ithaca Energy (operator) 68.34%.

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

Norwest (via its joint venture interest) has been informed by the UK Department for Business, Enterprise & Regulatory Reform. (BERR) – formerly the DTI, that our application for converting the above blocks from a promote license into a traditional license has been approved.

### **UK 13<sup>th</sup> Landward Licensing Round**

Norwest participated in the recent UK 13th Landward Licensing round by submitting two applications for exploration licenses located along the South of England. Announcement of the successful bidders is anticipated over the next few months.

### **UK New Business Development**

Norwest continues to seek new business opportunities in the UK including farmins and non-competitive acquisitions.

## **AUSTRALIAN OPERATIONS**

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

During the quarter Norwest received royalty payments of \$893,251 from AED Oil Ltd's Puffin production.

Norwest's 1.25% over-riding royalty interest covers the entire AC/P22 permit and any production derived within the bounds of the permit

For further information of AED's Puffin operations please go to: <http://www.aus-energy.com.au>

### **AC/P32 Vulcan Sub-basin Timor Sea 15%**

During the quarter, Norwest Energy and the participating Joint Venture partners successfully farmed out a 22.5% interest in AC/P32 to Cosmo Energy Exploration and Development Ltd (Cosmo Energy). Under the terms of the agreement, Cosmo Energy will contribute to the dry hole cost of drilling Wisteria-1 on a 2 for 1 promoted basis.

As a result of the farmout, Norwest's equity interest in AC/P32 will reduce from 24.08% to 15%, with a remaining exposure to the dry hole cost of Wisteria-1 of less than 6%. The promote payable by Cosmo Energy is subject to an agreed cap on the dry hole cost. Any costs incurred beyond this cap such as well completion and testing, will be funded at Norwest's reduced 15% equity interest.

A suitable rig for the dual-target Wisteria-1 well has been secured by the operator, Coogee Resources, and it is anticipated to be drilled during the third quarter of 2008.

### **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 124,555 barrels, 1,592 barrels net to Norwest. The produced oil is being trucked and sold to BP's Kwinana Refinery.

In EP413, drilling of Freshwater Point exploration prospect is planned for the first half of 2008 depending upon the availability of drilling rigs.

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

The Joint Venture has completed mapping over a restricted area of the permit and will shortly select a drilling location to meet the well commitment and fit into the operator's (Arc Energy Ltd) drilling schedule during the first half of 2008.

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

There were no activities to report during the quarter.

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

There were no activities to report during the quarter.

### **EP(A)139 Onshore Bonaparte Basin - Right to Negotiate for 100%**

Negotiations with the Traditional Owners, the aboriginal peoples of the Daly River-Port Keats region, continued via the Northern Land Council (NLC) during the quarter. The negotiations require face-to-face meetings with the Traditional Owners, access to which is possible only during the dry season approximately between April and November. Norwest continues to work closely with the Northern Territory Government and the NLC in order to progress a meeting with the Traditional Owners during the forthcoming dry season.

### **INDIAN OPERATIONS**

Norwest operates an office in New Delhi to maintain relationships with its Indian partners Bharat Petroleum & Tata, as well as other Indian E&P companies. It has one full time employee, an Indian national geologist, and engages the services of several consultants that have close relationships with the relevant Government and industry leaders.

Norwest is currently working with several Indian companies to determine whether to submit applications for some of the Blocks that are being offered under the current NELP VII bidding process. The current NELP process closes on 16 May 2008.

### **CORPORATE ACTIVITIES**

#### **Chief Executive Officer**

Following the resignation of Joe Salomon as Chief Executive Officer on 14 January 2008, the Directors have actively sought to secure a Chief Executive Officer with the relevant expertise and skill set that the directors consider appropriate to take the Company forward.

The directors expect to make an appointment in the near future.

For further information please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email [info@norwestenergy.com.au](mailto:info@norwestenergy.com.au), or visit Norwest's website at [www.norwestenergy.com.au](http://www.norwestenergy.com.au).

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