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**ASX : NWE**

**30/10/2009**

## **Quarterly Activities Report**

**Norwest Energy (ASX :NWE) reports for the quarter ended  
30 September 2009**

### **HIGHLIGHTS**

- Airborne FTG survey confirms TP/15 prospects - Xanadu and Redhill South as prime drill targets for 2010 drilling season
- Additional high-resolution ground gravity survey completed over UK-Dorset- PEDL238
- Jingemia J12 production well completed and brought on line in October
- Underwritten rights issue raises A\$2.6m
- Michael Fry appointed as Chairman

## Overview

September was particularly busy for the Company with the prime activities, the flying of airborne FTG surveys over TP/15 and EP368/426. The results for TP/15 are very exciting as they confirm that Xanadu and Redhill South are prime drill targets. Norwest will now proceed to plan the drill program for Q4/2010. Meanwhile the EP368/426 results are still being interpreted. Elsewhere in the northern Perth Basin, the Jingemia J12 production well was drilled and intersected a 15m oil column. J12 was brought on line in October and it is expected to add a further two years to the current life of the Jingemia field.

UK activities were focused on conducting a ground gravity survey over the remainder of the Dorset permit, PEDL 238, and continuing interpretation of the data base that has been systematically developed over the Company's three Southern England projects. The geology in these projects is complex, yet Norwest is making progress in unlocking its potential. Drill targets are emerging, however additional interpretation is necessary to further de-risk leads and prospects in order to move to a drilling phase. The proximity of the UK licences to the nearby BP-operated, 500million barrel (MMbbl) Wytch Farm project is a reminder of the potential upside of this proven petroleum basin- the Wessex Basin.

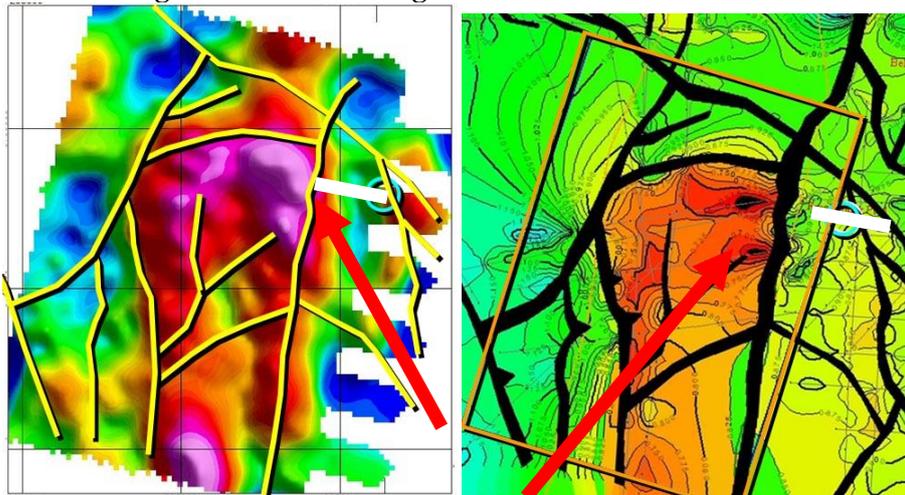
The underwritten rights issue was well supported by shareholders and raised \$2.6m before costs. These funds will be applied to the 2009/2010 exploration program and covering corporate costs.

## Australia

### Northern Perth Basin

#### TP/15 (Norwest – 100%)

In early September Norwest flew an airborne FTG (Full Tensor Gradiometry) survey over the permit and the results were received recently. The initial interpretation of the results confirmed the structural integrity of the Xanadu and Redhill South prospects as prime targets for drilling in the 2010 drilling season.



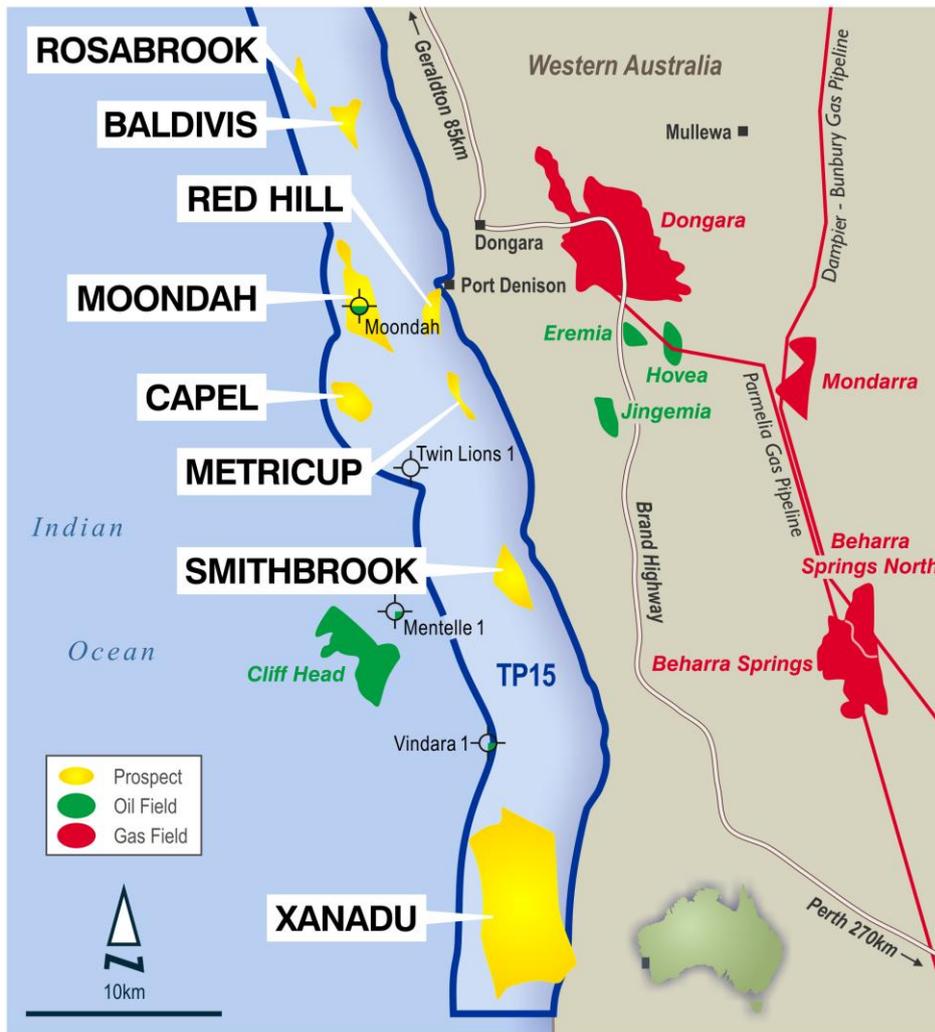
The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right. The hotter colours represent structural highs ie Purple represents the basement high on the left and red represents the structural high on the right. The white line indicates a plan view of the well path being drilled from land to the top reservoir

The company plans to drill at least one, and possibly both, of these targets during 2010 and is now focusing on progressing both the drilling and farm-out processes. Importantly, both wells can be drilled from onshore sites using deviated drilling techniques.

Following the preliminary review of the FTG survey, Norwest now has enough information to confidently work on identifying and securing a suitable drill rig, and to begin the planning and permitting processes for drilling either, or both prospects in Q4/2010. In parallel, the company will further evaluate data from the FTG survey in conjunction with other data in order to mitigate risk and determine the optimum drill sites.

TP/15, whilst situated in a working petroleum basin, has been underexplored and through the use of the low-cost, high-technology FTG, Norwest has unlocked the potential of TP/15.

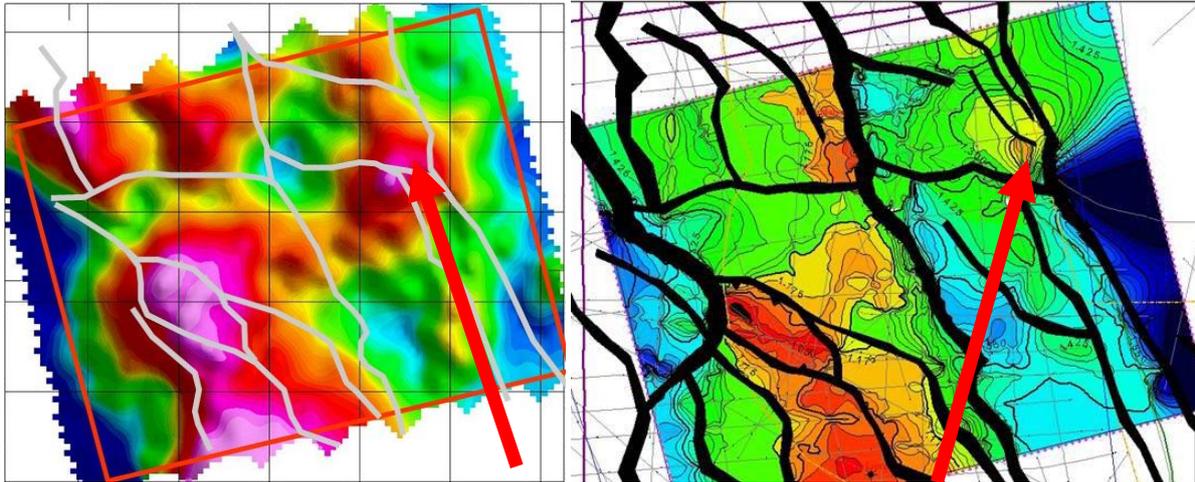
Xanadu has a potential of 98MMbbl oil in place and 27MMbbl recoverable. The prime targets are the High Cliff Sandstones and Wagina Sandstones, which are the producing reservoirs for several fields in the northern Perth Basin, including the 60MMbbl oil in place, Cliff Head project, 10km north-west of Xanadu. Norwest is in ongoing farm-out discussions with several potential partners and now with the FTG results to hand, it is expected that these negotiations will gather pace.



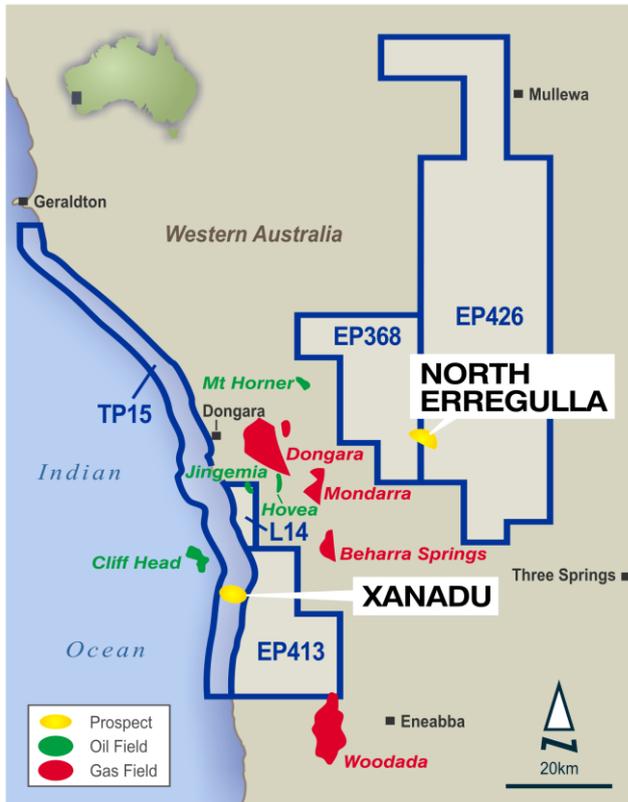
### Red Hill South

While the Redhill South prospect, in the north-eastern area of the TP/15 permit, is considerably smaller than Xanadu, it is well defined and will be less expensive and more straightforward to drill than Xanadu.

Redhill South has potential for 27MMbbl oil in place and could hold 7MMbbl of recoverable oil.



The FTG data on the left confirms the seismic interpretation map (Top Reservoir) on the right. The hotter colours represent structural highs.



### Jingemia oil field (Norwest -1.278%)

During the quarter the Jingemia Field produced 37,424 barrels, 478 net to Norwest for revenue of A\$38,189.

The J12 Jingemia development well was drilled during the quarter to a measured depth of 2709.5 meters and intersected a 15 meters (net) hydrocarbon column within the Dongara sandstone. The well was brought into production in late October. The additional production is anticipated to extend the life of the Jingemia field by a further two years.

### EP413 (Norwest 1.278%)

There was no activity on this permit during the quarter. EP413 is the exploration acreage surrounding the Jingemia production area.

The permit, presently in a drill phase under the terms of the licence, is currently suspended whilst the joint venture members consider their options to either remain in the permit or withdraw. Norwest intends to remain in the permit.

**EP 368 and EP426 (Norwest 20%)  
North Erregulla**

Following the TP/15 FTG survey, Norwest Energy and fellow Perth based oil and gas explorer, Empire Oil and Gas flew a 400 line km airborne FTG survey over the North Erregulla oil prospect in the northern Perth Basin about 40km inland from the coastal town of Dongara.

The Bell Geospace FTG results have been received and interpretation will occur in the coming months. Norwest's consulting team is presently focusing on the prime Xanadu and Redhill South prospects, which are taking priority over North Erregulla. (This is the same dedicated specialist team that is interpreting data for the UK-Wessex Basin projects). It is currently expected that interpretation of the North Erregulla FTG results will be available by late December / early 2010.

The North Erregulla oil prospect straddles the boundary of EP368 and EP426 permits and Norwest is undertaking an equity swap with Empire Oil & Gas and its partners that will result in Norwest holding a 20% interest in each of the permits. This unitisation will let the companies explore North Erregulla with one definitive well. Empire will be the operator in this joint venture.

The North Erregulla structure contains several prospective reservoirs, that are proven hydrocarbon producers elsewhere in the onshore northern Perth Basin. Empire has stated that, based on the current mapping, the entire North Erregulla prospect has the potential to have trapped up to 28 million barrels of recoverable oil if the structure is filled to its current mapped spill point.

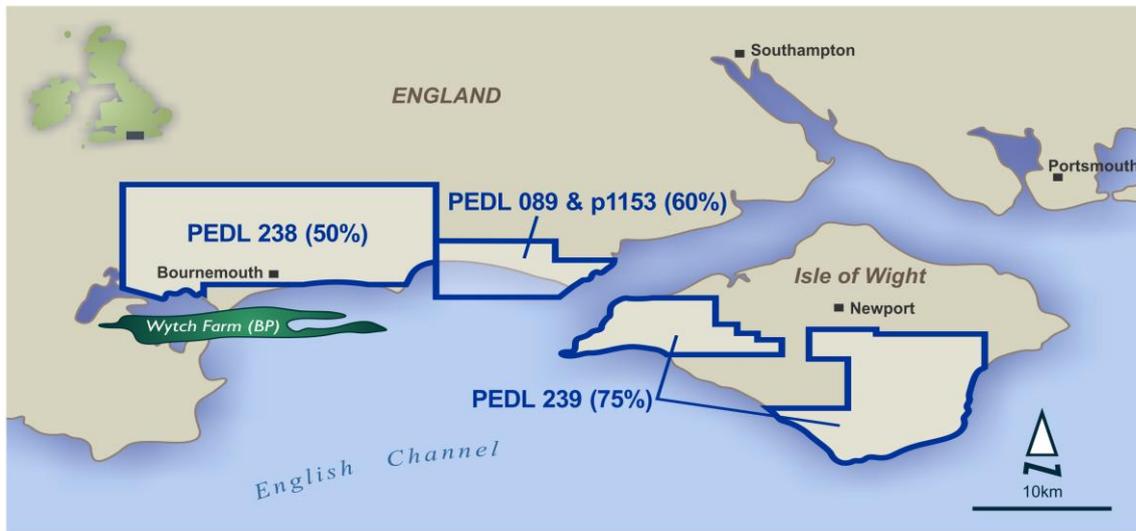
**Timor Sea: Puffin (Norwest – 1.25% ORRI)**

Norwest has a 1.25% overriding royalty interest (ORRI) over the entire AC/P22 licence, which holds the Puffin field. Due to operational difficulties and a dispute with the FPSO contractor the field was shut in towards the end of June. During 2008/09 Norwest received \$1,023,607 in royalties from Puffin production.

Norwest is awaiting information from the Puffin joint venture about the future development plans for the Puffin field.

## United Kingdom

### Southern England- Wessex Basin



Norwest believes southern England's Wessex Basin offers substantial untapped potential for new oil and gas discoveries. The areas around Dorset and the Isle of Wight – where Norwest has interests in three licences – are particularly attractive, as they are adjacent to the giant Wytch Farm oil field. With estimated recoverable reserves of 500 million barrels (400 million produced to date), this BP-operated field is Western Europe's largest onshore field. Even when compared to offshore fields it is substantial – only five British North Sea fields are larger.

Yet since Wytch Farm's discovery in 1973, no other significant oil field has been found in the Wessex Basin, and therefore the basin remains underexplored. Onshore England has been overshadowed by the higher North Sea petroleum province, but as working the North Sea becomes more difficult and more expensive, this is likely to change and Norwest believes it has done well to secure a position in the Wessex Basin at this time.

The limited exploration in this region is also due to the high population density and extensive transition zone which are both characteristics of the south of England coastal area. Undertaking seismic in such areas is awkward and expensive. Norwest's expertise in FTG and other forms of gravity gradiometry has proved invaluable in exploring the Wessex Basin. The Company has had gravity gradiometry survey programs – both airborne and land-based – undertaken on its Dorset and Isle of Wight permits. Preliminary results from the Isle of Wight have identified several four-way closures – classic oil and gas exploration targets that could become drillable prospects. Norwest is still interpreting results from the Dorset surveys but expects they will also deliver positive results.

**PEDL 238 (Norwest 50% and operator)**

During the third quarter, Norwest successfully completed a high-resolution ground gravity survey over the PEDL 238 exploration licence in Dorset along the coast of Southern England.

The results of the initial Phase 1 survey completed in October of 2008 were encouraging, and complete coverage over the PEDL 238 licence has now been achieved following Phase 2.

Phase 1 and 2 results will now be combined and integrated with existing seismic data to confirm the permit's petroleum potential. It is expected that a report on this interpretation will be available by the end of 2009. Based on the result of this report, Norwest aims to plan a 2D seismic survey over the permit that will be shot during the latter half of 2010, or Q1/2011.

**PEDL 239 Isle of Wight Area (Norwest 75% and operator)**

During the third quarter, Norwest continued to assess the prospectivity within the PEDL 239 License over the Isle of Wight. Last January, Norwest completed a FTG survey that has greatly assisted our technical team in searching for structural highs within the structurally complex Isle of Wight area.

The data derived from the FTG technology has confirmed much of our initial geologic models used in assessing the regional prospectivity are indeed correct. The FTG results clearly indicate that deep basement-involved geologic structuring has occurred beneath and adjacent to the Isle of Wight. Independent comparison of our preliminary seismic-driven fault interpretations conform remarkably well when overlain onto detailed FTG regional images. Also a whole series of potential basement-involved four-way closures (possible prospects) are highlighted by the FTG.

Our technical team is currently integrating the FTG results with the seismic data in order to compile a detailed structure map of the basement surface. Considering the main reservoir in this area – the Sherwood sandstone (the reservoir for the nearby 500MMbbl Wytch Farm project) sits directly on the basement surface, an accurate map of basement will allow Norwest to successfully target Sherwood sandstone prospects for future drilling.

This complex process involves highly sophisticated software and expertise that fortunately Norwest has in house. Once this process is complete, detailed depth maps of the basement surface will significantly enhance our understanding of the permit's oil and gas potential and provide impetus for the next level of detailed prospect mapping.

**PEDL 089 Hurst Castle Area (Norwest – 60% and operator)**

In June Norwest expanded its presence in the Wessex Basin by acquiring a 60% interest in the Southern England onshore permit PEDL 089. The license, referred to as 'Hurst Castle', is strategically located between Norwest's existing PEDL 238 (Dorset) and PEDL 239 ( Isle of Wight) licenses in the South of England - Wessex Basin. Norwest was granted the interest in the permit by having previously acquired airborne FTG gravity data over the permit area.

A preliminary assessment by Norwest indicates significant exploration potential exists within the Hurst Castle license area and several potential leads and prospects have been identified. Norwest as operator of the Hurst Castle JV is now conducting a more detailed technical review to further define and de-risk each of these potential prospects.

## India

Norwest continues to maintain our New Delhi office.

Norwest has had previous partnerships with two important Indian E&P players, Bharat Petroleum Corporation and Tata Petrodyne and through its Indian office continues to maintain the relationship with those companies. As well it also has good relationships with other industry players who regularly invite Norwest to join bidding consortia for project opportunities in Australia and India.

## Corporate

During the quarter the Company raised \$2,633,768 before costs from a rights issue of 210,701,433 shares at a price of \$0.0125 per share. The issue was underwritten by Paterson Securities Ltd.

## Appointment of Chairman

Following the retirement of Bill Bloking as chairman, Michael (Mike) Fry was appointed Chairman on 18 September 2009. Mike has extensive experience in capital markets and corporate treasury management, specialising in the identification of commodity, currency and interest rate risk and the implementation of risk management strategies. He is the Chairman of Red Fork Energy Limited and he is also a Director of ASX listed companies Liberty Resources Ltd and Sunset Energy Limited. Mike holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Financial Services Institute of Australasia and a past member of the ASX.

**Peter Munachen**  
**Chief Executive Officer / Director**  
**Norwest Energy NL**

30 October 2009

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