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**ASX: NWE**

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## **ASX Announcement**

### **February 2011 Rig slot secured for Redhill South Well**

**Norwest Energy NL (ASX:NWE)** and its wholly owned subsidiary Westranch Holdings Pty Limited ( "Norwest" ) have executed a Letter of Intent (LOI) with Hunt Energy & Mineral Australia Pty Ltd (Hunt) for Hunt to drill the Redhill South 01 Well with an anticipated spud date of February 1<sup>st</sup>, 2011.

It is proposed that the Redhill South well will be drilled using the Hunt rig 3 drilling package on suitable contractual and commercial terms to be agreed between Norwest and Hunt.

The LOI provides for Norwest to obtain the necessary regulatory approvals by 15 January 2011. In the event these conditions are not satisfied by the due date then Norwest will not be bound to enter into the agreement with Hunt.

During the currency of the LOI and prior to Norwest executing the drilling agreement, if Hunt is offered the opportunity to enter into a drilling contract with a third party, Hunt must provide notice to Norwest and allow it 14 days to commit to entering into the drilling contract on an unconditional basis, otherwise Hunt will be free to contract to the third party without being liable to Norwest.

In the lead up to meeting the anticipated drilling spud date of 1 February 2011, Norwest has also negotiated to purchase the long lead drilling items such as casing and well heads.

The Redhill South prospect is estimated to have potential recoverable oil of 9MMbbl. The target reservoir is at a depth of 1,580 metres (TD is at 1,910 metres) and is approximately 100 metres offshore. The well will be drilled from an onshore location about 200 metres inland and approximately 3km south of Port Dennison.

In September Norwest entered into an Agreement to farm-out a 50% interest in TP15 to BharatPetro Resources Limited (BPRL). Under the agreement BPRL will contribute \$3m to the dry hole cost of the Redhill South well and Norwest \$2m. The parties will contribute equally to the cost of testing the well. BPRL is also required to re-imburse \$500,000 to Norwest for past costs. The agreement is subject to approval by the Western Australian Department of Mines and Petroleum and also receiving FIRB consent. It is anticipated that these regulatory approvals will be received before the end of 2010.

Norwest CEO Peter Munachen commented, "To head into 2011 with the February rig slot under our belt just adds to our other achievements of 2010. With the planned Arrowsmith 2 well muted for April 2011 we are headed for a busy and potentially rewarding 2011".

Peter Munachen  
Director/CEO  
**Norwest Energy NL**

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