



NORWEST ENERGY NL
288 Stirling Street
Perth, Western Australia, 6000
PO Box 8260, Perth Business Centre
Western Australia, 6849

ABN: 65 078 301 505
Tel: +61 8 9227 3240
Fax: +61 8 9227 3211
Email: info@norwestenergy.com.au
Web: www.norwestenergy.com.au

ASX: NWE

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ASX Announcement

Site works to commence immediately in preparation to drill Redhill South well in February 2011

Norwest Energy NL (ASX:NWE) and its wholly owned subsidiary Westranch Holdings Pty Limited ("Norwest") have received Access Authority approval from the Western Australian Department of Mines and Petroleum that allows Norwest to drill a deviated well from onshore permits owned by other parties.

This approval allows Norwest to commence preparation of the site for the proposed Redhill South well scheduled for February 2011. On site work will commence immediately, initially drilling a water bore then followed by the lease preparation in readiness for the February well spud.

Norwest has already executed a Letter of Intent (LOI) with Hunt Energy & Mineral Australia Pty Ltd (Hunt) and is currently reviewing the formal drill contract that it intends to execute prior to the end of 2010.

In the lead up to meeting the proposed 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 which is expected to be received shortly. BPRM has received the consent of the FIRB to proceed with the transaction.

Norwest CEO Peter Munachen commented, "The stage is now set for the February 2011 spud of Redhill South which will be a milestone for Norwest. 2010 has been a busy year however 2011 is shaping up to be even busier with the plan also to drill the Arrowsmith#2 –shale gas well in April 2011".

Peter Munachen
Director/CEO
Norwest Energy NL

For further information: please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au.

Media and Investor Enquiries: please contact Fortbridge on +612 9331 0655, or Bill Kemmery on +61 (0) 400 122 449