

ASX: NWE

30 July 2012

Arrowsmith-2 Project Update

The Arrowsmith-2 Fracture Stimulation Campaign is now successfully underway, with Stage One of the hydraulic fracture stimulation program now complete, and cleanup / flow back operations progressing.



Norwest Energy (ASX:NWE) is pleased to report that Stage One of the hydraulic fracture stimulation program on the Arrowsmith-2 well is now complete. Arrowsmith-2 was drilled in June 2011, and is located in exploration permit EP413, northern Perth Basin, Western Australia.

The hydraulic fracture stimulation was completed successfully and without incident on Sunday 29th July, 2012. Stage One of the program was carried out on the deepest target in the well, the High Cliff Sandstone, at a depth of approximately 3300m. The well is now undergoing cleanup and flow back operations utilising the Expro well test equipment. These operations are expected to continue for a number of days, with fluid and gas flow rates being closely monitored.

With Stage One now complete at Arrowsmith-2, the Halliburton frac spread is now in the process of rigging down and mobilizing to the next well in the joint Norwest/AWE program. When the frac spread has completed operations on the AWE well, it will return to Arrowsmith-2 in order to carry out Stage Two in the program – the hydraulic fracture stimulation of the Irwin River Coal Measures (IRCM). The IRCM is approximately 330m thick in this area of the Basin.

The Arrowsmith-2 campaign will be conducted over six to eight weeks in conjunction with AWE Limited to maximise cost saving benefits by sharing the usage and associated costs for equipment and services. Once the well has been stimulated, results from the well testing program will enable Norwest to establish the viability of the various target zones for future shale gas production throughout the field.

The participants in the EP413/Arrowsmith Joint Venture are:

Norwest Energy NL (Operator)	(ASX: NWE)	27.945%
AWE Limited (via subsidiary ARC Energy Ltd)	(ASX: AWE)	44.252%
Bharat PetroResources Ltd		27.803%

During the course of the Arrowsmith-2 frac campaign, updates will be provided to ASX each Thursday, and as required upon the occurrence of any material event. Accordingly the first Arrowsmith-2 frac campaign operations update will be provided to ASX on Thursday 2nd August.

About Norwest Energy NL (NWE)

Norwest is an Australian-based exploration and production company with significant strategic assets in Western Australia and the United Kingdom.

Norwest's focus is on the northern Perth Basin and the Wessex Basin in England.

An exciting asset portfolio in the northern Perth Basin including Arrowsmith-2, the first unconventional gas well drilled in the area.

The Perth Basin is regarded as one of the world's most significant areas for shale gas. In 2011, The United States Energy Information Agency estimated that Western Australia holds the world's fifth largest reserves of shale gas in the Perth and Canning Basins; this represents about twice Western Australia's offshore gas reserves. It is estimated that the northern Perth Basin contains a potential 59TCF shale gas.

In the UK, Norwest has a foothold in the Wessex Basin onshore and offshore where it has recently been awarded offshore permit, P1928 comprising 5 exploration blocks.

Peter Munachen
Chief Executive Officer/Director

For further information

Please contact Peter Munachen or Ernie Myers on 08-9227 3240, or email info@norwestenergy.com.au.

Media

Please contact Chris Codrington on +61 412 911 107.