

ASX: NWE

3 September 2012

Oil and gas to surface from Kockatea Shale Stage 5 of Arrowsmith-2

Norwest Energy (ASX:NWE) is extremely pleased to announce very promising signs from the Stage 5 frac of the Arrowsmith-2 well, with both oil and gas to surface at commencement of flow back of the **Kockatea Shale** interval - 2639-2681m.

The hydraulic fracture stimulation was completed on Saturday 1st September 2012 at 18:00hrs. Almost immediately after flow back commenced a strong gas flare ignited. During the night, it also became evident that the well was producing oil from the formation. As a result of oil being produced, the well was shut-in after only 10 hours of flow back, as the Arrowsmith-2 location does not have sufficient capacity to flow back and store the quantities of oil that could potentially be produced.

Peter Munachen, Chief Executive Officer said: "Norwest is extremely encouraged by the presence of both oil and gas in the Kockatea Shale. Further work is now required to establish the ultimate potential of this zone and whether there is the possibility to produce oil in commercial quantities along with the shale gas. As a proof of concept well, Arrowsmith-2 has delivered success in all zones from the bottom of hole up. Gas flows from the tight sands in the High Cliff, from the Irwin River Coal Measures, and the lower and middle Carynginia shales, culminating with both oil and gas in the Kockatea Shale. This highlights success in five out of five zones for Norwest – quite a remarkable achievement in just one well."



Figure1. Oil produced from Kockatea Shale, Arrowsmith-2 well, 02 09 2012.



Figure2. Gas flare from Kockatea Shale, Arrowsmith-2 well, 02 09 2012.

Norwest is currently sourcing the required mobile equipment so that flow back and testing may continue on this zone as soon as possible. An extended period of testing is likely to be required on the Kockatea Zone 2 before any considerations are made to re-enter the lower zones for further analysis.

Norwest has now demonstrated that hydraulic fracture stimulation does successfully produce gas (and oil) to surface from the zones of interest within the Arrowsmith-2 well. These positive results warrant further evaluation including an estimate of contingent resources.

Norwest will continue to provide Thursday weekly updates whilst flow back and testing of the Kockatea continues.

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%

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