

## **AWE Limited update on unconventional gas testing program at Arrowsmith-2 well**

AWE Limited (ASX: AWE) provides the following update on the unconventional shale and tight gas testing program being undertaken at the Arrowsmith-2 well in the North Perth Basin, Western Australia.

The Operator, Norwest Energy (ASX: NWE) has reported that clean-up and flowback of the Kockatea shale zone has ceased and that the Arrowsmith-2 well has been shut in to monitor pressure build-up characteristics.

During the flowback operations of the Kockatea zone, approximately 78% of injected fracture fluids have been recovered after swabbing the well to a maximum planned depth of 2,600 metres. Gas rates of up to 70,000 standard cubic feet per day (scf/d) were achieved during the flowback period, with the gas rate over the last 24 hour period observed at 45,000 scf/d.

Testing operations are scheduled to recommence in mid-January after pressure build-up data are collected from the well. The next formation targeted for clean-up and flowback operations is the Middle and Lower Carynginia shale zones. These zones will be accessed by drilling out a cement plug and a coil tubing unit will be used to help the clean-up operations. Similar well clean-up and testing activity will then follow on the deeper Irwin River Coal Measures.

The final zone to be tested is the High Cliff Sandstones, a tight gas zone, which achieved a stabilised flow rate of 777,000 scf/d in August 2012 during initial well clean-up immediately after fracing.

It is anticipated that testing of all zones at the Arrowsmith-2 well will take 3-4 months to complete following the mobilisation of equipment, after which a full assessment of the results for each of the zones tested will be undertaken. The joint venture will then consider the next steps towards the potential future commercialisation of this unconventional resource, including the possible drilling and fracing of a pilot horizontal well.

The Managing Director of AWE, Mr Bruce Clement, said that the testing program at the Arrowsmith-2 well continues to follow the original plan and that the production capacity of each of the shale gas and tight gas zones will be tested separately.

.../2



“We look forward to the results from the remainder of the testing program, particularly the Middle and Lower Carynginia shale and the High Cliff tight sand formations.

“In addition to the ongoing testing program at Arrowsmith-2, AWE is moving forward with plans to conduct a development feasibility study for the Senecio tight gas discovery in the North Perth Basin in 2013,” Mr Clement said.

Joint venture partners in Arrowsmith-2 are:

Norwest Energy NL (Operator)	27.945%
AWE Limited (via subsidiaries)	44.252%
Bharat PetroResources Ltd	27.803%

## ENDS

For information please see our website [www.awexplore.com](http://www.awexplore.com) or contact:

Bruce Clement  
Managing Director  
AWE Limited  
Phone: +61 2 8912 8000

Matthew Sullivan  
Investor Relations & Public Affairs  
AWE Limited  
Phone: +61 2 8912 8022  
[matthew.sullivan@awexplore.com](mailto:matthew.sullivan@awexplore.com)

