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ASX: NWE

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Arrowsmith-2

Kockatea Update

Well shut in to monitor pressure build up and recommence operations early January 2013.

Norwest Energy (ASX:NWE): Norwest advises that the Kockatea interval has continued to flow back since last reported on 29 November 2012, with swabbing operations returning frac fluids to surface. Approximately 22% of the injected frac fluid of 8,320bbls remains in the formation although the total fluid recovery rate has declined to ~ 60 bpd with no further improvement in the oil cut or gas flow rates. Over the last 24 hours a gas rate of 45,000 scf/d was observed.

The swabbing operation has reached its maximum planned operational swab depth of 2,600metres. With the necessary data obtained working at this depth, swabbing operations were ceased on 10 December 2012 and the well shut in to monitor the pressure build up characteristics of this zone following on from this period of maximum pressure draw down. The forward plan will be to mobilise back to location early in the New Year to recommence operations on the well, complete evaluation of the Kockatea formation and move on to evaluate the next zone being the Carynginia formation. To minimize costs all equipment is currently being demobilized and the required equipment for ongoing operations will be returned to site early January when evaluation operations resume. It is expected that Kockatea operations will continue until mid/late January 13.

Mr. Peter Munachen, Norwest CEO said: "Following completion of the Kockatea operations in January 2012 the focus will then be on the remaining three gas producing zones. The JV will discuss the future options for evaluating the Kockatea shale in the future technical program, including a potential 3D seismic survey and any further drilling."

The way forward - lower zones

Once the Kockatea testing program is completed, the Kockatea Shale interval will be sealed off and flow back will then recommence on the lower intervals, the Carynginia Formation and the Irwin River Coal Measures, with the ultimate objective being to establish gas rates for contingent resource calculations from each of the individual formations. The Lower and Middle Carynginia and the Irwin River Coal Measures all remain highly prospective as potential shale gas producers.

The High Cliff Sandstone, a tight sandstone target, is expected to deliver a significantly higher rate than the reported rate of 777,000 scf/d once the zone is fully cleaned up. An extended well test will then be required to determine the areal extent of the HCSS target.

It is expected that this program of work will run for 3-4 months, depending upon results.

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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