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**ENERGY** Ltd

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Company Announcements  
Australian Stock Exchange Ltd

## **ENTEK ENERGY LIMITED (ENTEK) - QUARTERLY REPORT QUARTER ENDED 30<sup>TH</sup> SEPTEMBER 2005**

### **HIGHLIGHTS**

- § ENTEK has entered into a conditional sales agreement to sell its South Australian Cooper Basin interests.
- § Production recommenced at Ventura-1 and commenced at Mirage-1 in PEL 115.
- § Crude oil production commenced at Coolum-1 in ATP-269 Glenvale Block.

### **OPERATIONS OVERVIEW**

#### **PEL 115, Cooper Basin, South Australia, 12.5% working interest**

##### **MIRAGE OIL FIELD**

The Mirage Oilfield produces from the discovery well, Mirage-1. Following production disruption due to heavy rains, the well has been in continuous production, under natural flow since July 27, 2005.

The well produced 4,956 barrels of crude oil in September 2005 at a daily average 165 BOPD with an 11% water cut.

Artificial lift (beam pump) is currently being installed. Installation completion is expected in late October 2005. This has the potential to increase production rate to 300 BOPD.

Reserves estimates for Mirage will be better defined when the structural interpretation is improved with the 3D seismic survey is completed later this year. Recording of the survey commenced 14<sup>th</sup> September 2005.

The anticipated outcome is that additional wells will be required at the locations of these wells be aided by the new structural interpretation.

##### **VENTURA OIL FIELD**

The Venture-1 well commenced production on September 9<sup>th</sup> 2005, after weather delays and operational difficulties.

In September 2005 the well produced 3,157 barrels with water cut at approximately 9%. It is unlikely this structure will require an additional development well, but this and an improved reserves estimation will be made following interpretation of the 3D seismic program.

Production history at both Ventura and Mirage will further assist the operator in forecasting future production and reserves.

**ATP 269 Glenvale Block, Queensland, 28.15% working interest**

In December 2004 Entek farmed in to the Glenvale/Coolum structure in ATP 269P on the southeastern margin of the Cooper Basin in southwest Queensland. The company earned a 28.15% interest in the Coolum-1 well by contributing to the cost of drilling. Entek has the option of farming in to other structures within ATP 269P on the same terms.

After delays due to road closures resulting from heavy rains, Coolum-1 commenced production during the period and at end September 2005 was producing at approximately 30 BOPD on pump. This rate is lower than initial expectations; however longer term production will enable more accurate forecasts of long term production expectations.

EXPLORATION ACTIVITIES

**PEL 115, Cooper Basin, South Australia, 12.5% working interest**

The Mirage 3D seismic program comprises the acquisition of approximately 100 sq kms or 315 line kms of seismic. Surveying was completed 6<sup>th</sup> September, line preparation was completed 12<sup>th</sup> September and recording completed 29<sup>th</sup> September 2005.

The survey will not only add to the structural interpretation over Ventura and Mirage, it will also contribute to better defining other structures within the survey's coverage.

**PEL 104/111, Cooper Basin, South Australia, 12.5% working interest**

Petroleum Exploration License (PEL) 104 is located within and across the margins of the Patchawarra Trough, close to the large Tirrawarra and Fly Lake/Brolga fields that are currently producing both oil and gas.

Interpretation of newly acquired 2D seismic is currently underway.

**PEL 111, Cooper Basin, South Australia, 12.5% working interest**

PEL 111 is located within and across the margins of the Patchawarra Trough, close to the large Fly Lake/Brolga field that currently produces both oil and gas.

Interpretation of newly acquired 2D seismic is currently underway.

Drilling activity in this permit and PEL 104 in 2006 is expected with up to three wells being drilled, subject to rig availability.

**PEL 86, 87 and 89, Cooper Basin, South Australia, 12.5% working interest**

No activity to report.

**ATP 269 Glenvale Block, Queensland, 28.15% working interest**

A significant 3D seismic program in this block is scheduled for 1<sup>st</sup> quarter 2006.

Subject to results of the 3D seismic and rig availability an exploration well could follow in the 4<sup>th</sup> quarter 2006.

## **CORPORATE**

On October 21<sup>st</sup> 2005, ENTEK announced it had entered into a conditional agreement with Impress Venture Limited (IMPRESS) to sell its 12.5% interest in six Cooper Basin exploration and production permits PEL 86, 87, 89, 104, 111 and 115 (together the Interests)

The completion of the sale is subject to:

- a) Entek shareholder approval;
- b) Receipt by Entek of an independent valuation of the Interests confirming the offer from ITC is fair and reasonable;
- c) Receipt of all necessary joint venture and regulatory assignment approvals.

The consideration for the assets is

- Part (1) :* \$1,500,000 in cash;
- Part (2) :* The issue to Entek of 35,000,000 fully paid ordinary shares in ITC and 5,000,000 options, each of which entitles the option holder to buy one ITC Share at 8 cents and has an expiry date of two years following completion of the sale, to Entek; and
- Part (3) :* IMPRESS agrees to be fully responsible for all cash calls made on ENTEK from October 14<sup>th</sup> 2005 by the joint venture operator of the Interests until completion of the sale, and that any revenue generated by the Interests is to be offset against cash calls.

The directors are of the opinion that a 12.5% interest is too small and is unlikely to stimulate the market (and hence the Entek share price) unless a very significant discovery is made. Since activity levels of drilling increased in the SA Cooper Basin, discoveries have been relatively small. For participants with equity interests of 25% to 50% or greater, discoveries are well received by the market.

The directors consider that some of the acreage within some permits are indeed very prospective for the discovery of small oil and or gas accumulations.

The offer tabled by Impress Ventures Limited appeals to the directors in that:

1. It provides a cash component for Entek to move forward with alternate plans to secure other interests, whilst participating in its other joint venture interest in ATP 269 Coolum Block where the recent Coolum discovery was made and in which Entek has acquired a 28.15% interest.
2. It permits the company (and thereby Entek shareholders) to participate in activity within the SA Cooper Basin permits through Impress Ventures Limited's shares retained by Entek and eliminates the cash drain on the Company from direct participation in exploration activity.

Russell Brimage  
Chairman