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## ***GULF OF MEXICO ACTIVITY UPDATE***

The Company's portfolio of acreage in the Gulf of Mexico now comprises the following leases:

<b>LEASE</b>	<b>AREA (ACRES)</b>	<b>WORKING INTEREST</b>
Lease No. M-106410, High Island Block 24-L (S/2 SW/4) <small>Note 1</small>	720	5%
Lease No. M-107044, High Island Block 24- L, (N/2 SW/4) <small>Note 1, Note 5</small>	720	5%
Lease No. M-107045, High Island Block 25- L, (S/2 SE/4) <small>Note 1, Note 5</small>	720	5%
Lease No. M-107046, High Island Block 32- L, (N/2 NW/4) <small>Note 1, Note 5</small>	720	5%
OCS-G 27091, Block 152, South Marsh Island Area, South Addition <small>Note 2, Note 3</small>	2,500	7.5%
OCS-G 27089, Block 138, South Marsh Island Area, South Addition <small>Note 2, Note 3</small>	5,000	7.5%
OCS-G 26560, Block A 307, High Island Area, East Addition, South Extension <small>Note 2, Note 3</small>	5,760	10%
OCS-G 26190, Block 79, Viosca Knoll Area <small>Note 2, Note 3</small>	5,760	10%
OCS-G 27078, Block 317, Vermilion Area, South Addition <small>Note 2, Note 3</small>	5,000	10%
Block A-246, High Island Area, East Addition <small>Note 2, Note 4</small>	5,760	100%

Note 1 State of Texas Lease, Offshore

Note 2 Federal Lease, Outer Continental Shelf, Gulf of Mexico

Note 3 Subject to terms and conditions of certain Participation Agreements entered into between the Operator and Entek wholly owned subsidiary South Marsh LLC.

Note 4 Entek (through wholly owned subsidiary Entek USA Limited LLC) was high bid on MMS Sale 200, 16<sup>th</sup> August 2006.

Note 5 These blocks are contiguous to the discovery block Lease No. M-106410.

### **SOUTH MARSH ISLAND BLOCK 138 OCS-G 27089**

Plans for drilling of South Marsh Island Block 138 OCS-G 27089 located in the Gulf of Mexico off the Louisiana coast in 225 feet of water, are at an advanced stage. The

Operator is preparing the final Authority for Expenditure, to be circulated and approved by joint venture partners. When joint venture approval is received, the Operator will proceed with negotiations to contract a drilling rig.

The joint venture is optimistic that drilling of the first well on South Marsh 138 can commence in December 2006.

The drilling objectives are multiple Pleistocene age Lentic sands that range in depth from 9800 feet to 11,800 feet. The prospective area is covered by licensed 3D seismic.

In July and August, 2005, two wells were drilled in the adjoining Block 139, confirming 3D seismic hydrocarbon indicators. Well OCS-G-21106 B2 ST discovered hydrocarbons at approximately 9,500 feet TVD and nearly 100 feet deeper they found additional resources followed by mechanical problems causing them to discontinue drilling. Daily production of oil or gas has been released from the Office of Minerals Management for the month of May 2006. Average daily production rates for the B2 ST were 589 MCFG plus 565 barrels of oil per day. The B1 well produced an average 567 MCFG plus 559 barrels of oil per day during the same period.

The first well to be drilled in South Marsh Island Block 138 will target reserves estimated by an independent consultant with considerable interpretation experience in the region, at between a low of 6 million barrels of oil and 7.04 BCF of gas and a high of 10.080 million barrels of oil and 10.52 BCF of gas.

In summary, the South Marsh Island 138 prospects have multiple objectives with amplitude anomalies. Targets range from sands considered low risk (due to direct correlation of seismic amplitudes from producing wells in adjacent block South Marsh Island 139), with upside potential from the deeper targets with anticipation of sizeable resources. A combination of good quality 3D seismic data and nearby discovery wells lower the exploration risk for block 138 leaving credible reservoirs to drill.

#### **DISCOVERY WELL – GULF OF MEXICO**

As previously announced, Entek Energy Limited recently participated with a five percent (5%) working interest in an exploratory test well located in 37 feet of water on the S/2 SW/4 of High Island Block 24-L, Texas State Waters Offshore. The well was drilled to a depth of 14,988 feet MD (TVD) and penetrated over 250 feet of pay in Lower Miocene Lentic Jeff sands. The well is currently being completed.

The Operator is conducting preliminary investigations on design and cost of production facilities so that production can be fast-tracked.

#### **SUMMARY**

The mature Gulf of Mexico has delivered a timely discovery (HI 24-L #1) to Entek. The South Marsh Island 138 low risk exploration well planned for late 2006 provides the opportunity to consolidate the Company's position in the region.

The Company's Gulf of Mexico acreage portfolio will enable ongoing drilling activity in 2007, focused on low risk prospects delineated by high quality 3D seismic.

Russell Brimage  
Chairman