



**ENTEK**  
**ENERGY** Ltd

45 VENTNOR AVE  
WEST PERTH  
WESTERN AUSTRALIA 6005  
TELEPHONE: +618 9429 8862  
FACSIMILE: +618 9429 8800  
ABN 43 108 403 425

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Australian Stock Exchange Limited  
Company Announcements Platform  
20 Bridge Street  
SYDNEY NSW 2000

## **QUARTERLY ACTIVITY REPORT for the quarter ending 31<sup>st</sup> March 2006**

Entek Energy Limited (ASX code ETE) is pleased to announce that it has committed to an extensive work program in ATP-269P (that portion of ATP-269P excluding the Coolum Block and separately in the Coolum Block).

The decision to participate in the extensive program is based on:

- the significant exploration potential of the area;
- the infrastructure in the area that will allow for the rapid commercialization of any discovery;
- the current high oil prices that make any discovery a very attractive commercial venture; and
- availability and access to seismic crews and drilling rigs that are in very high demand in this high oil price environment.

### **ATP-269P**

In ATP-269P Entek has the right to participate in the drilling of one well and that will earn a 28.15% interest in any discovery by that well. A second well drilled in the permit would earn Entek a 28.15% interest in the ATP-269P permit.

Entek must pay 66.10% of the well costs for the two earning wells contemplated above. Thereafter participation will be at 28.15% of joint venture costs.

The program agreed by the joint venture for 2006 comprises:

- (a) Acquisition and processing of the Trocus 3D Seismic Survey comprising 118 sq.km., and
- (b) Acquisition and processing of 165 kms. of 2D seismic and reprocessing of 450 kms. of existing seismic.

Entek's cost of the 2D and 3D seismic programs is at 28.15% only. The cost of the surveys is budgeted at approximately A\$3 million, with Entek's share being approximately A\$845,000.

- (c) Three wells, all of which are follow-up wells to previous wells drilled that had encouraging oil shows. (two of these wells will be earning wells that Entek will participate at a level of 66.10%, whilst the third will be at the equity level of 28.15%. The cost of the three wells is budgeted at A\$3 million, with Entek's share of the cost being approximately \$1.6 million.

The company considers significant exploration potential exists in ATP-269P. The seismic programs are required to best exploit this potential.

### **COOLUM BLOCK**

Entek participated in the discovery well in this block Coolum-1. The well produced continuously during the quarter and is currently producing at a rate of approximately 25 BOPD.

The work program for 2006 in this block comprises the drilling of one well and ongoing production and administration associated with the existing producing well Coolum-1.

The budget for the 2006 work program is approximately A\$1 million. Entek's equity participation is at 28.15% or approximately A\$280,000.

### **GULF OF MEXICO UPDATE**

The company is pleased to announce that it was a participant in a high bid for State of Texas tract High Island 24-L S/2 SW/4 at the Texas General Land Office (State of Texas) Lease Sale held in Austin Texas on April 4<sup>th</sup> 2006, which is expected to be awarded in three to five weeks.

ETE's financial outlay for the tract will be approximately US\$52,000, being 20% of the bid, plus sales tax. A prominent, well established company with experience in the Gulf of Mexico will serve as operator, currently owning an 80% working interest. The tract consists of 720 acres and is located approximately 10 miles offshore State of Texas in 37 feet of water. The operator will seek additional partners to participate in exploration activity for the tract which is expected to commence the last half of this year.

The interest was acquired via a Memorandum of Understanding (MOU) executed between ENTEK and Cities Energy, LLC (CITIES) based in Houston, Texas, USA. Further, CITIES has agreed to consult for ETE to investigate other opportunities in the Gulf of Mexico (GOM) and onshore. CITIES will receive a retainer for their services and bonuses in the event that ETE acquires interests initially tabled by CITIES.

Over riding royalties include State Revenue of 20% if a well is drilled in the first 2 years, 3.2% to the prospect generator and 3% to CITIES. If the bid is successful then a well is expected to be drilled in the second half of the year to target between 30 to 50 bfc gas.

This activity further demonstrates ETE's intentions to seek participation in what management considers low risk oil and gas targets in the shallow waters of the GOM and follows from the recently announced farmin to GOM properties South Marsh 138 and South Marsh 152 (refer to ASX announcement of February 15<sup>th</sup> 2006).

The company is rapidly assembling a portfolio of interests in GOM acreage with exciting low risk exploration targets for drilling in 2006 and 2007.

## **SALE OF COOPER BASIN INTERESTS**

Further to the company's announcement of October 21<sup>st</sup> 2005 and shareholder approval obtained at the company's EGM on January 25<sup>th</sup> 2006, the company advises it has now completed the sale of the Impress Ventures Limited (ASX code ITC) shares forming part of the consideration paid by ITC to Entek.

The sale has netted Entek approximately A\$4,900,000 comprising the cash component on settlement of A\$1,500,000 and the net proceeds from the sale of ITC shares of approximately A\$3,400,000. Entek retains 5,000,000 ITC options convertible to fully paid shares at A\$0.08 per option. The sale of the ITC shares is a subsequent event in that the action took place after March 31<sup>st</sup> 2006.

This now places the company on a sound financial footing to move forward with the exciting exploration programs in the Gulf of Mexico and in SW Queensland in ATP-269P.

Russell Brimage  
Chairman