

ASX RELEASE  
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## **BUTTER LAKE 32-10 & NIOBRARA CONTINUOUS OIL PLAY UPDATE**

Entek Energy Limited (“Entek” or the “Company”) advises that the Butter Lake 32-10 well (“32-10”) has flowed hydrocarbons during initial cleanup. Further details are set out below.

### **Butter Lake 32-10 (32-10) Update**

- The well has been flowed for initial cleanup, and is now shut in as the rig moves off location. Since being shut in, the well has shown further indications of influx, with increases in wellbore fluid level and well head pressures.
- Further cleanup of the well is likely to be required before a stabilized flow can be determined. Testing and analysis will continue over at least the next two weeks.
- Entek is cautiously optimistic with the results of the 32-10 well to date and is continuing its testing and analysis program.

### **Niobrara Oil Resource Play Update**

The Butter Lake 32-10 well represents the fifth well in Entek’s Niobrara Continuous Oil Play, all of which have encountered hydrocarbons. All five wells are being reviewed to optimize completions to maximize production potential.

Although the Niobrara Formation has been producing from vertical wells for decades it is commanding industry attention of large oil and gas companies as a result of significant recent production outcomes and is currently one of the most sought after and prospective oil resource plays.

Entek engaged the services of Dr Thomas Ahlbrandt\* to evaluate the prospectivity of its Niobrara Continuous Oil Play within its portfolio. The following are comments from his report.

- Three continuous Upper Cretaceous oil resource plays (Niobrara, Mancos and Carlile (Basal Niobrara) exist on Entek acreage and are productive in the region.
- The Niobrara is thick, 900-1,800 feet and has a higher detrital composition relative to the DJ Basin — good for enhancing brittleness (fracability). The shales are fractured in response to their tectonic setting related to regional shear zones and extension.
- The recent U. S. Geological Survey (USGS) assessment of the recoverable oil from the Niobrara Continuous Oil Play, where Entek is focused, is about 2.5 times that of the Niobrara Continuous Oil Play in the DJ Basin where there is the current industry focus.
- Vertical testing and additional rock parameters are needed prior to attempting a horizontal well which will most likely be in the Niobrara. Entek now has five key wells across its acreage to undertake this work.

- The resource potential of the Niobrara Continuous Oil Play has been assessed by the USGS to have more potential than the Niobrara oil resource play in the DJ Basin.

Entek is conducting a prospective resource study across its Niobrara Continuous Oil Play acreage utilizing the five key wells described above and adjacent analogue wells from Anadarko's Sierra Madre Field which has been in production since the early 1990's.

**\* Dr. Thomas S. Ahlbrandt – Career Summary**

Dr. Ahlbrandt is a globally recognized petroleum geologist with over forty years of experience in oil and gas exploration, research and assessment. He has over twenty years of experience with major and independent oil companies and another twenty years of service with the U.S. Geological Survey (USGS). In industry he has served in many capacities including CEO and Vice President of Exploration and Chief Geologist at companies, and has discovered petroleum in four basins both in the U.S. and internationally at previous positions. At the USGS he managed geoscience groups ranging to 350 employees and from 1987-2006 held senior energy management positions in the USGS both at their headquarters in Reston, Virginia from 1987-1991 and from 1991-2006 at their regional office in Denver, CO. He is an internationally recognized expert on petroleum focused in the Middle East, North Africa, Alaska and the Rocky Mountain region as demonstrated by his 235 publications. His global experience includes major organizations including currently serving as a Vice Chairman of a United Nations Committee (Ad Hoc Group of Experts on Reserve and Resource Terminology), AAPG, and the USGS where he was the USGS World Energy Project Chief assessing the oil and gas potential of the world. This major work was published both by the USGS and as Memoir 86 of AAPG (senior author). He has presented many papers to organizations including OPEC, IEA, EIA, and AAPG and many media outlets. He has numerous awards from AAPG, RMAG, USGS and the University of Wyoming.

**BUTTER LAKE FEDERAL 32-10**

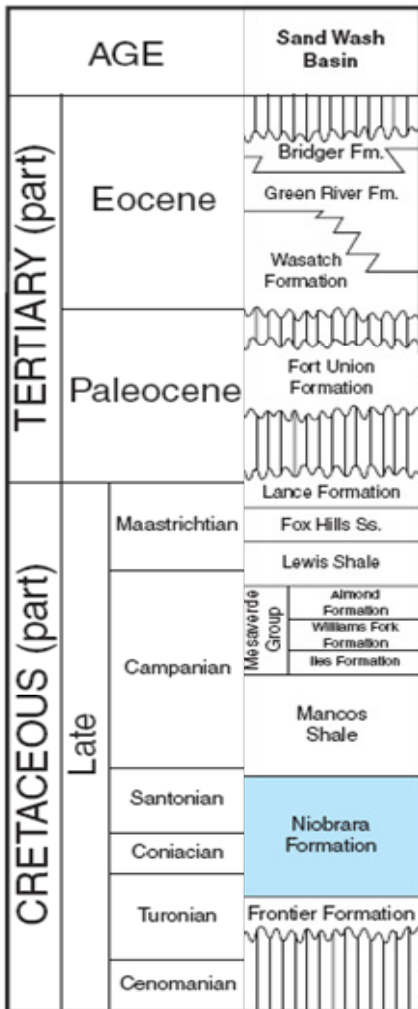
The well targeted the Niobrara Formation and Frontier Formation within the Focus Ranch Unit.

The Total Depth (TD) was 8,830' within the Frontier Formation, which has tested gas and liquid hydrocarbons from the Focus Ranch 12-1 well.

The well targeted a closed structure bounded by a fault to the north with structural reversal at shallow levels including the Deep Creek Sand. The Mancos Shale also exhibits structural closure that would create potential hydrocarbon traps in the Shannon Sand and Marapos Sand (that are units within the Mancos Shale). The deepest reservoir that was penetrated within structural closure was the Frontier Formation.

Within the Niobrara Formation primary target there are three brittle benches (or 'units') that act as continuous hydrocarbon reservoirs when fractured. Fracturing of these benches is expected to occur associated with faults, igneous sill intrusions and the structural deformation at this location.

The average production rates for Niobrara wells throughout the Sand Wash Basin where Entek's acreage is located are 101 BOPD and 165 MCFD. Estimated Ultimate Recovery (EUR) for those averages are 260,000 BO and 1.1 BCF per well. Initial production rates have been as high as 500 BOPD from vertical wells adjacent to Entek's acreage. The Focus Ranch 12-1 southeast of this location had combined initial rates of 2.75 MMCFD and 240 BOPD. Independent reserves estimate associated with the 12-1 well range from 2.6\* MMBO to 3.2\*\* MMBO of condensate and oil and 7.6\* BCF to 20\*\* BCF of gas.



\* Based on a report by American Energy Advisors (Feb 2009). The report assumes 12 wells will be required to produce the reserves.

\*\* Based on a report by APEX Petroleum Engineers (Oct 2008) and assumes an estimated GOR of 6250 from tests performed at the Focus Ranch 12-1 well. The report assumes reserves associated with one 320 acre section.

**GLOSSARY**

- A\$ Australian dollar
- BCF Billion cubic feet (of natural gas)
- BOPD Barrels of oil per day
- MCFD Cubic feet of gas per day x 1,000
- MMCFD Cubic feet of gas per day x 1,000,000
- MMBO Barrels of oil x 1,000,000
- US\$ United States dollars

**FOR FURTHER INFORMATION**

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***Competent Person's Statement:***

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr Russell Brimage, Chief Executive Officer of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr Brimage has over 30 years experience in the application of engineering to the petroleum industry in oil and gas exploration and production, both in Australia and internationally, as either an employee or consultant to oil companies operating in the upstream petroleum industry. Mr Brimage directs the Company's operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the upstream petroleum industry. He is also an Associate Member of the Society of Petroleum Engineers.