

30<sup>th</sup> April 2008



Ground Floor, Canute House  
15 Rheola Street  
WEST PERTH WA 6005  
Telephone: +61 8 9213 4388  
Facsimile: +61 8 9213 4399  
Email: info@entekenergy.com.au

Company Announcements  
ASX Limited

## ENTEK ENERGY LIMITED (ASX CODE: ETE) ACTIVITY REPORT - Quarter ended 31 March 2008

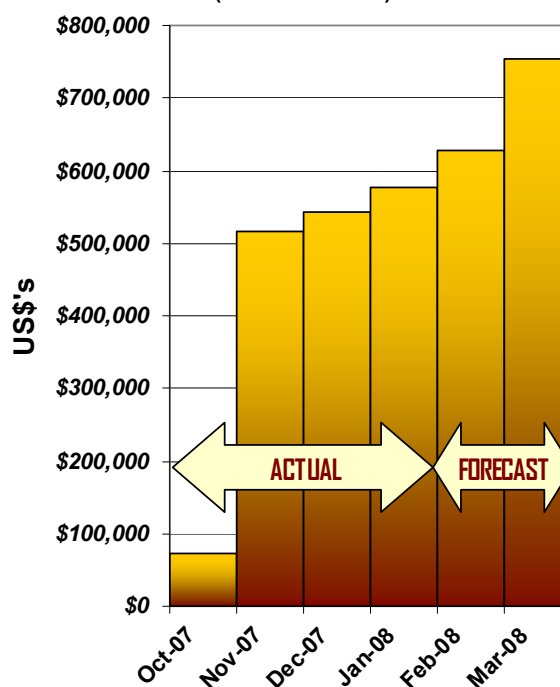
### HIGHLIGHTS

#### *Gulf of Mexico:*

- Continuing production from High Island Blocks 24L (S/2 SW/4) and 24- L (N/2 SW/4) in the Gulf of Mexico, whilst natural gas prices continue to rise.
- Entek high bidder at March 19<sup>th</sup> 2008 MMS sale on MP Block 252

The Company's geological and geophysical consultant estimates recoverable proved, probable and possible remaining reserves in MP Block 252 at approximately 45 BCFG from the incompletely produced reservoir, with a further 6.9 BCFG in the shallower undeveloped reservoir.

**HIGH ISLAND 24L  
REVENUE ACTUAL & FORECAST  
(NET TO ENTEK)**



#### *SW Queensland:*

- Production from SW Queensland Block ATP 269P reached a record level in March 2008.

	JAN 08	FEB 08	MAR 08
GROSS PRODUCTION (BOPM)	1,160	971	2,384
NET TO ENTEK (BOPM)	327	273	671

- Warragon-1 testing commenced in March 2008

***Subsequent events post 31 March 2008***

***Gulf of Mexico:***

On April 23<sup>rd</sup> 2008, Entek announced the Company had received notice from the United States Department of the Interior – Minerals Management Service, that its bid offered on March 19<sup>th</sup> 2008 for Main Pass Area, South & East Addition, Block 252, had been accepted.

**PRODUCTION PERFORMANCE DURING THE QUARTER**

***Gulf of Mexico – High Island 24L***

Production at High Island 24L commenced on October 18th 2007. Both wells (HI 24-L (S/2 SW/4) #1 and HI 24-L (N/2 SW/4) #1) are now in production. The Spot Market Henry-Hub Natural Gas Price during the quarter was:

<u>MONTH</u>	<u>US\$ PRICE<sup>1</sup></u>	<u>APPROX PRICE per MMSCF (\$US\$)</u>
Oct 07	\$6.743	\$6,764
Nov 07	\$7.104	\$7,206
Dec 07	\$7.114	\$7,193
Jan 08	\$7.985	\$8,077
Feb 08	\$8.545	\$8,643
Mar 08	\$9.415	\$9,523

Note

1. US\$ per MMBTU.

This price is not the price that HI 24L gas will be sold at – it is simply an indication of a regional industry quoted public price.

***Actual and forecast revenue since startup on October 18<sup>th</sup> 2007 are:***

<u>MONTH</u>	<u>RevenueUS\$</u>	<u>Comment</u>
<b><i>Oct 07</i></b>	<b><i>\$73,492.35</i></b>	<b><i>Actual</i></b>
<b><i>Nov 07</i></b>	<b><i>\$517,357.88</i></b>	<b><i>Actual</i></b>
<b><i>Dec 07</i></b>	<b><i>\$543,013.68</i></b>	<b><i>Actual</i></b>
<b><i>Jan 08</i></b>	<b><i>\$577,046.73</i></b>	<b><i>Actual</i></b>
<b><i>Feb 08</i></b>	<b><i>\$627,475.80</i></b>	<b><i>Projected</i></b>
<b><i>Mar 08</i></b>	<b><i>\$755,025.22</i></b>	<b><i>Projected</i></b>

***SW Queensland – ATP269P***

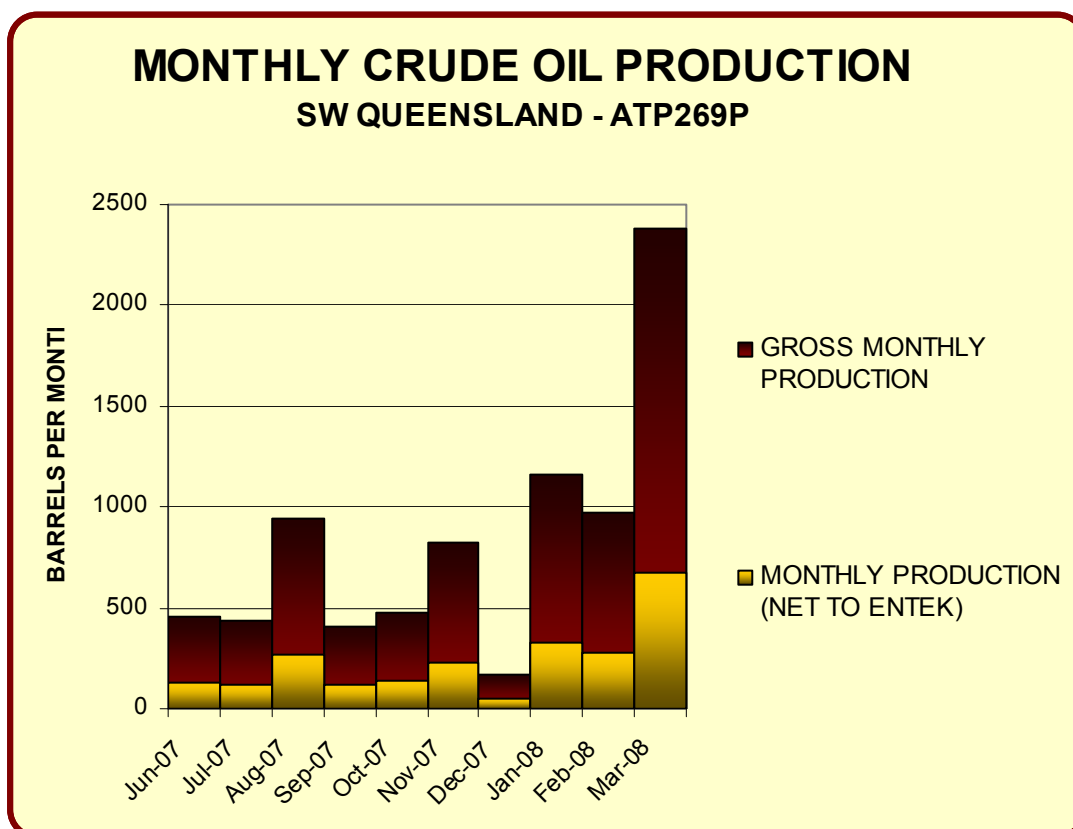
On April 22<sup>nd</sup> 2008, Entek announced that crude oil production from ATP-269P block in SW Queensland reached a record 2,384 barrels for March 2008.

Production is derived from three producing wells:

- Coolum-1
- Byrock-2
- Marcoola-1

With all three wells at full capacity, it is expected gross crude oil production from ATP-269P can reach 3,500 BOPM of which Entek's entitlement would be approximately 980 BOPM.

Production was disrupted in past months by the effects of un-seasonal rains in the area and operational issues, as the following CHART indicates.



### ***Coolum-1***

Production from Coolum-1 remained constant throughout the quarter, averaging 14 BOPD.

### ***Byrock-2***

The Byrock beam-pump remained shut down during January 2008. The well was opened to the tank and free-flowed 166bbls oil during the month. A load-out was planned during January after road conditions improved, however further heavy rains again prevented tanker access.

Byrock-2 beam-pump remained shut-in for the majority of February 2008 due to the field being inaccessible. Towards the end of February, the Byrock road dried out and the well was produced for one week.

Byrock-2 was produced for approximately three weeks in March 2008. Heavy rains late in the month prevented access and the field was shut-in with a full production tank. At the end of the month, the road remained impassable to trucks.

### ***Marcoola-1***

Marcoola-1 was brought online on the 9th January. Annulus fluid level and pump rate were monitored closely in the first few days of production. The down-hole pump failed on the 14th January and the well remained on free-flow until the end of the month. At the end of the month, Marcoola-1 remained shut-in awaiting a crude sales agreement.

Marcoola-1 beam-pump remained shut-in for February 2008 awaiting a workover for a failed downhole pump. The well was free-flowed for a week to enable a load-out.

Marcoola-1 was on free-flow for the first two weeks of March 2008. The well was worked over to replace the failed downhole pump and returned to pumped production on March 15<sup>th</sup>. The well was pumping at capacity at end March 2008.

## **OPERATIONAL UPDATE**

### ***Gulf of Mexico – Award of Block 252, Main Pass Area, South & East Addition***

On April 23<sup>rd</sup> 2008, Entek announced the Company has received notice from the United States Department of the Interior – Minerals Management Service, that its bid offered March 19<sup>th</sup> 2008 for Main Pass Area, South & East Addition, Block 252 (MP-252), had been accepted.

MP-252, located in 77 metres (253 feet) of water, contains a proven, but incompletely produced natural gas reservoir at the relatively shallow depth of approximately 2,438 metres (8,000 feet), plus a second proven natural gas reservoir, but in this case never before developed, at approximately 2,103 metres (6,900 feet).

The Company's geological and geophysical consultant estimates recoverable proved, probable, and possible remaining reserves in MP-252 at approximately 45 BCFG from the incompletely produced reservoir, with a further 6.9 BCFG in the shallower undeveloped reservoir.

Entek is in the process of appointing a respected international petroleum reservoir evaluation consulting firm to evaluate MP-252 and independently certify the reserves quantities. This work is expected to be completed within 30 days.

Entek's Working Interest in MP-252 is currently 75% and therefore its portion of any and all future costs of drilling and production will be 75% unless the Company decides to modify its interest. Previous successful field drilling allows for a knowledgeable risk assessment for new drilling of MP-252 and the Company will incorporate this information into drilling and development decisions.

### **Commercial Comment on MP-252 Block**

In-ground developed proven gas reserves in the Gulf of Mexico Outer Continental Shelf have traded in the recent past in the range US\$2,500,000 to US\$3,500,000 per BCFG. The incompletely produced reservoir in MP-252 will require compression as part of any future redevelopment. Certified reserves quantities will therefore likely be valued in the lower half of this trading range.

Natural Gas spot prices at the Henry Hub transshipment point were traded at US\$11.00 per MMBtu on April 28<sup>nd</sup>, 2008.

### **Development Outlook**

It is planned that a high inclination well to approximately 2,438 metres (8,000 feet) will be drilled to retap the incompletely produced reservoir. Initial costs of this well are assessed at US\$6 million (Entek share US\$4.5 million should the Company retain a 75% Working Interest). Entek's full economic evaluation of the reserves is based upon a two well development, the second well designed to accelerate production of the incompletely produced reservoir and also tap the proven but unproduced reservoir. Production would be tied back to existing production facilities nearby.

### **Other Relevant Details**

Other relevant details pertaining to future possible development of MP-252 reserves include:

- Quality 3-D Seismic Control over MP-252 and surrounding area show a good seismic amplitude anomaly is associated with the limits of the incompletely produced reservoir.
- Numerous wells on MP-252 provide excellent geologic control.
- Analog production – 291 BCFG already produced from the incompletely produced reservoir.
- Infrastructure:
  - Distance to the closest pipeline less than 1.6 kilometre.
  - Distance to the closest existing and operational production facilities less than 1.6 kilometres.

### **Bid Details**

Bid Price: US\$558,088.00



**APPROXIMATE LOCATION MAP BLOCK MP-252**

### ***Gulf of Mexico – Award of GARDEN BANKS 115 BLOCK***

On January 23<sup>rd</sup> 2008, Entek announced the acceptance on January 17<sup>th</sup> 2008 by the United States Department of Interior – Mineral Management Service of Entek’s bid for Garden Banks Block 115 in the GOM Central Sale 205 offered on October 3<sup>rd</sup> 2007.

All formalities were completed during the Quarter and the block has now been formally awarded to Entek.

The Cascade Prospect is ready to drill in the Garden Banks 115 Block:

- The resource estimate is 10 – 20 BCF, at a depth of 1,100 metres subsea (3,600 feet subsea).
- Hydrocarbon type expected: gas/condensate.
- Geologic control is through the numerous tests in the area exhibiting good reservoir characteristics, with seismic control utilizing Western Geco 3D over the prospect.
- Analog production of 215 BCFE cumulative surrounds the Cascade Prospect.
- Direct hydrocarbon indicators - amplitude anomaly, flat spot and down-dip conformance.
- A gas pipeline traverses the block and an oil pipeline is located 6 miles away.
- Cost to find & develop estimated at US\$2.42 per MCFE, (the NYMEX HENRY-Hub spot gas price on April 28<sup>th</sup> 2008 was US\$11.00 per MMBtu).

Entek holds a 100% working interest (WI) in Garden Banks 115 and is currently discussing farm out options with its consultants in the USA.

The decision by Entek to bid on the Garden Island 115 Block was based upon a thorough evaluation of the Cascade Prospect, in consultation with the Company's technical consultant based in Houston. The prospect fulfilled the company's rigid selection criteria, including:

- Sound geological and geophysical validation.
- Proven hydrocarbon province.
- Proximity (and access) to infrastructure (for drilling and development) and market (for sale of produced hydrocarbons).
- Reasonable development costs (in the event of discovery).
- Likely farm-out appeal.

The Cascade Prospect met all of the above criteria.

Russell Brimage  
CHAIRMAN

***Enquiries:***

Russell Brimage  
Telephone: +61 8 9213 4388  
Email: [info@entekenergy.com.au](mailto:info@entekenergy.com.au)

***Nomenclature***

BCFG	Billion cubic feet of natural gas
BOPD	Barrels of crude oil per day
BOPM	Barrels of crude oil per month
BFD	Barrels of fluid per day
MMBtu	Million British Thermal Units
MMCFG	Million cubic feet of natural gas