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HYDROCARBONS ENCOUNTERED IN GULF OF MEXICO WELL

On the 19th February 2007, the Company announced that High Island Block 24-L, (N/2 SW/4) #1 well spudded on 14 February 2007. The well proposed True Vertical Depth was to be 4,572 metres (15,000 feet) and is located approximately 1,090 metres north west of the discovery well.

High Island Block 24- L, (N/2 SW/4) #1 has encountered strong hydrocarbon shows over an approximate 146.3 metre (480 feet) gross sand interval. It is estimated by the Company that the well encountered approximately 61 metres (200 feet) of net pay. Current plans are to run a 5-1/2 inch liner and production tubing prior to perforating the gas interval. Following perforating, the well will be flow tested for cleanup before suspending the well and demobilizing the rig.

Initial indications are that this significant gas column discovered in High Island Block 24-L, (N/2 SW/4) #1 would appear to have the potential to flow gas at a similar rate to that tested at the discovery well High Island Block 24-L, (S/2 SW/4) #1.

On 25 October 2006, the Company announced that High Island Block 24-L, (S/2 SW/4)#1 located in 37 feet of water on the S/2 SW/4 of High Island Block 24-L, Texas State Waters Offshore and drilled to a depth of 14,988 feet MD had penetrated over 250 feet of pay. On the 9th November 2006, the Company announced that the well had been successfully completed and a flow test revealed a flow rate prior to shut in of 47.5 MMscfD on a 45/64ths wellhead choke, with approximately 6 barrels of 45.9 API gravity condensate per million cubic feet of gas (312 barrels of condensate per day).

By way of background, Entek and its partners participated in successful bids at the State of Texas Lease Sale held on October 3, 2006 (refer ETE announcement 4th October 2006) on three offshore tracts that are contiguous to the discovery block Block 24-L, (S/2 of SW/4).

- Block 24-L, MGL 206 (N/2 of SW/4)
- Block 25-L, MGL 208 (S/2 of SE/4)
- Block 32-L, MGL 210 (N/2 of NW/4)

Entek now holds a 5% working interest in 2,880 acres around the discovery well.

This result (the discovery of hydrocarbons in High Island Block 24-L, (N/2 SW/4) #1) justifies the joint venture's acquisition of these additional blocks.

On the 18th January 2007, the Company announced that the joint venture is expecting to commence production from the discovery well High Island Block 24-L, (S/2 SW/4) #1 in April 2007, with the deck and facilities scheduled to be installed in March 2007. The follow-up well High Island Block 24-L, (N/2 SW/4) #1 will now be tied back to the production facilities which are engineered to process approximately 80 MMscfD. Production is scheduled to now commence in July 2007, following delays in completion of pipelines and tie-in to third party gas carrier pipelines.

The overall success of the High Island Block program is commendable in that the initial block High Island Block 24-L, (S/2 SW/4) was only successfully acquired in April 2006.

Since then:

- The discovery well High Island Block 24-L, (S/2 SW/4) #1 has been drilled, and tested.
- Production facilities and pipeline are under construction and scheduled for production startup in July 2007.
- Follow-up well High Island Block 24-L, (N/2 SW/4) #1 is currently being drilled and completed and will be tied into the Production facilities.

The prospect generators, and the operator have together delivered a significant outcome.

Jack Toby
Company Secretary

NOMENCLATURE

Choke size:	quoted in 64 ^{ths} of an inch
Gas Rate (MMscfD)	million standard cubic feet per day
TD	Total Depth