



ASX Announcement

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Australian Securities Exchange

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15 August 2011

(ASX Code GRK)

Lawford #1 well in Canning Basin hydrocarbon play to be drilled next month

Highlights

- **Century Rig #7 secured for Lawford #1 well drilling campaign commencing in September**
- **Both unconventional and conventional hydrocarbons targeted in well deepening**
- **Recent Laurel formation exploration success provides promising signs**

Operator of permit EP 417 in the Canning Basin New Standard Energy (NSE) has announced that deepening of the Lawford #1 well is scheduled to commence in mid-late September, primarily targeting the tight gas sands and shales of the Laurel formation within a large conventional structure with the potential to host significant quantities of hydrocarbons. The NSE announcement is attached.

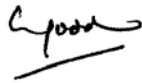
NSE has concluded an agreement for the drilling program with EP 417 joint venturers Buru Energy Ltd (Buru) to secure Century Rig #7 to deepen the Lawford #1 well

Green Rock will earn a 15% interest in EP 417 by paying 27.5% of the Lawford#1 total well cost up of \$4 million (i.e. Green Rock share \$1.1 million) and 15% of cost above \$4 million. The drilling agreement with Buru triggers a payment of back costs by Green Rock to NSE of \$250,000 with a final \$300,000 due on commencement of drilling at Lawford #1.

Century Rig #7 is currently drilling the Pictor East prospect following which it is expected to mobilise to the Lawford #1 location. Current expectations are for the Lawford #1 well to spud during September and it is anticipated that deepening of the well will take 2-3 weeks to reach the revised target depth of approximately 2,800m. Under the contractual arrangements, Buru will

operate the rig for the deepening of the Lawford #1 well, providing the intellectual property and experience recently gained from the company's successful Yulleroo #2 and Valhalla #2 wells, which also targeted the Laurel formation. Following the deepening of Lawford #1 the operatorship of EP 417 will revert immediately to NSE.

The Lawford #1 well will test the Anderson and Laurel formations in the larger Lawford structural target. The Lawford structure is very large and has the potential to host significant amounts of hydrocarbons in place. NSE estimates that the Lawford structure could host in excess of 500Bcf of gas in place as a conventional target. In addition, the assessment of the Laurel shales and tight sands contained within the Lawford structure (but that extend regionally beyond the structural closure at Lawford) will provide important information and upside for an unconventional play across the region.



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15 AUGUST, 2011

ASX Announcement

**NEW STANDARD'S LAWFORD #1 WELL IN CANNING BASIN
TO BE DRILLED NEXT MONTH
(ASX: NSE)**

Highlights

- 🌿 Century Rig #7 secured for Lawford #1 well drilling campaign commencing in September
- 🌿 Both unconventional and conventional hydrocarbons targeted in well deepening
- 🌿 Recent Laurel formation exploration success provides promising signs

New Standard Energy Limited (**New Standard**) is pleased to announce that drilling of its Lawford #1 well is scheduled to commence in mid-late September, primarily targeting the tight gas sands and shales of the Laurel formation within a large conventional structure with the potential host significant quantities of hydrocarbons.

Contractual arrangements for the drilling program have been finalised after New Standard concluded an agreement with one of its EP 417 joint venturers Buru Energy Ltd (**Buru**) to secure Century Rig #7 to deepen the Lawford #1 well.

Lawford #1 is contained within exploration permit EP 417 in Western Australia's Canning Basin, and forms part of New Standard's Laurel Project.

Century Rig #7 is currently drilling the Pictor East prospect as part of Buru's current exploration program following which it is expected to mobilise to the Lawford #1 location. Current expectations are for the Lawford #1 well to spud during September and it is anticipated that deepening of the well will take 2-3 weeks to reach the revised target depth of approximately 2,800m.

Under the contractual arrangements, Buru will operate the rig for the deepening of the Lawford #1 well, providing the intellectual property and experience recently gained from the company's successful Yulleroo #2 and Valhalla #2 wells, which also targeted the Laurel formation. Following the deepening of Lawford #1 the operatorship of EP417 will revert immediately to New Standard.

"We are excited to be revisiting the Lawford prospect, particularly in light of its potential size and the growing prospectivity of the Laurel sands and shales in the region following recent exploration success of analogous wells targeting this formation," New Standard Energy Managing Director Sam Willis said.

"Lawford #1 provides a big step out well to be drilled in the Fitzroy Trough to test the Laurel formation and if the results provide any positive indications it will add substantially to what is emerging as a large and prospective regional resource play."

The major target horizons in the well are the lower Anderson sands and the tights sands and shales of the Laurel formation. The primary objective of the well is to encounter to Laurel formation and obtain sufficient information from logging and coring of this formation to ascertain the potential for these sands and shales to host significant quantities of hydrocarbons.

New Standard does not expect hydrocarbons to flow freely from these formations but in the event encouraging results are evident, the joint venture has the ability to test any zones of interest.



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Results from the drilling, coring and logging of the Lawford #1 well will be used to formulate any subsequent reservoir analysis and testing program and will help establish the potential for hydrocarbon resources to be pursued further in the region.

In addition to the unconventional resource play emerging in the region, New Standard estimates that Lawford #1 could also host in excess of 500Bcf of gas in place within the large conventional structure forming the Lawford prospect. Numerous other prospects that are also present across EP417 provide numerous large opportunities for New Standard to assess in the event the Lawford #1 results provide encouragement.

"The deepening of Lawford #1 will provide an exciting exposure for New Standard shareholders on multiple fronts and some positive results could provide the impetus for further work in the region," Mr Willis said.

New Standard was recently awarded the Seven Lakes SPA in the Canning Basin, which lies immediately adjacent to EP 417 and also hosts the Laurel formation. The Seven Lakes SPA increased the Laurel Project footprint for New Standard and its joint venture partner Green Rock Energy Limited (**Green Rock**) who is entitled to a 40% interest in the SPA by approximately 87%, to 1.46m gross acres.

"The Laurel formation's geological and geophysical indicators for unconventional gas have been enhanced by recent drilling and testing programs undertaken at Yulleroo 2 and Valhalla 2 so we are very pleased to be able to revisit Lawford #1 on the back of having significantly expanded our Laurel Project footprint," Mr Willis said.

Under the terms of the EP 417 farm-in arrangement between Green Rock and New Standard, Green Rock will contribute, subject to an expenditure cap of \$4m, 27.5% of the Lawford #1 exploration costs (including drilling) to earn a 15% share of EP 417. New Standard will pay 37.5% of the first \$4m in costs for its 50% (post farm out) share in the permit. Any expenditure in excess of \$4m will be split according to equity interests in the permit (ie, Green Rock 15% and New Standard 50%). Buru owns the remaining 35% interest in EP 417 and will be funding its share of all costs.

The successful securing of Century Rig #7 also triggers the payment of a further \$250,000 in back costs to New Standard by Green Rock under the terms of the EP417 farm-in agreement, with a further \$200,000 becoming payable upon commencement of drilling at Lawford #1.

The deepening of Lawford #1 will mark New Standard's first drilling activity in Australia in almost three years and is the first activity testing a prospect with significant unconventional hydrocarbon potential.

Lawford #1 was partially drilled to a depth of 1,325m metres by New Standard and Buru in late 2008 but the onset of the wet season in the Canning Basin prompted the drilling partners to suspend operations. Since that time New Standard has concentrated its exploration efforts on its Colorado County onshore drilling program in Texas, USA, and the further evaluation of unconventional gas exploration in the Canning Basin and Carnarvon Basin in Western Australia.

In addition to Lawford #1, and assuming formalisation of binding agreements pursuant to the recently announced Heads of Agreement signed with ConocoPhillips, New Standard will also be positioned to undertake the drilling, coring and evaluation of multiple wells on New Standard's flagship Goldwyer Project, which lies to the south-west of the Laurel Project, in 2012.

New Standard possesses more than 45,000 square kilometres of exploration acreage in the Canning Basin, targeting the Goldwyer.

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About New Standard: New Standard Energy is an aggressive hydrocarbon developer with a mandate to explore for oil and gas. Its exploration and drilling program is active, well funded and extensive. The company's exploration program is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of exploration projects.

New Standard's board has extensive technical and commercial experience in the oil and gas sector.

New Standard currently has cash resources of approximately \$4.0m (including pre-paid exploration costs in the US) with this cash position to be further supplemented by EP417 farm-in payments and income being generated from the Colorado County Project in Texas. The Company is aggressively progressing its oil and gas exploration portfolio focused on the Canning Basin in Western Australia and the onshore Gulf Coast region in Texas including:

- 100% operated interest in EP's 443, 450, 451, 456 in the Canning Basin subject to ConocoPhillips farm-in
- 100% operated interest in EPA's 1/09-0, 2/09-0 and 5/09-0 in the Canning Basin subject to ConocoPhillips farm-in
- 65% operated interest in EP417 in the Canning Basin (diluting to 50%)
- 60% operated interest in Seven Lakes SPA in the Canning Basin
- 100% operated interest in the Merlinleigh project, onshore Carnarvon Basin Western Australia
- 32.5% working interest in the Colorado County Project, onshore Texas USA
- 38.5% working interest in the Moeller Project, onshore Texas USA
- 36% working interest in the Wharton County Project, onshore Texas USA
- 32.5% interest in a license for 1,000 square miles of 3D seismic data

The company is pursuing conventional hydrocarbons in the United States and conventional hydrocarbons and shale gas in Australia. In addition to the above New Standard has indirect exposure to a broad acreage position in the Canning Basin through a liquid 8.2% equity interest (15m shares) in listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and is actively assessing other opportunities to complement and expand its portfolio.

Competent Person: The information in this announcement is based on information reviewed by Dr Mark Hagan (BSc Hons, PhD) who is a Petroleum Geologist and Geophysicist with more than 35 years experience in the industry. Dr Hagan is Technical Director of New Standard Energy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



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APPENDIX 1 LAUREL PROJECT: ADDITIONAL INFORMATION AND MAPS

Laurel Shales and Tight Gas Sand Background

The Laurel formation is a sequence of tight sands, shales and siltstones of lower carboniferous age deposited in marginal marine environments. This is significant for the formation as a regional source rock. The Laurel formation is up to 1,000 metres thick in parts and extends over the majority of the Fitzroy Trough and as such it has the potential to contain significant volumes of hydrocarbons.

Other wells in the Fitzroy Trough have intersected similar sections of gassy tight sands and shales in the Laurel formation. This formation will become the focus of increasing exploration efforts over the next few years as it has the potential to be a major resource play for gas and associated liquids.

The following positive evidence regarding the potential of the Lower Anderson-Laurel tight gas play is also worth noting:

- The Valhalla 2 well flowing gas to surface from interbedded tight gas sands without reservoir stimulation
- The Yulleroo-1 and 2 wells have flowed gas to surface from interbedded tight gas sands indicating generation and migration of hydrocarbons within the Fitzroy Trough.
- Oil and gas shows while drilling the Anderson and Laurel Formations in several other wells in the Fitzroy Trough indicate consistent hydrocarbon generation within the Fitzroy Trough area with hydrocarbon storage capacity and gas content.
- Average core porosity measurements are on par with commercially successful tight sand reservoirs in North America.
- Clastic reservoir facies encased within interbedded shales provide the potential source of hydrocarbons and an effective regional seal.

Significant exploration activity including the drilling and appraisal of numerous wells is scheduled to be undertaken on this emerging play in 2011 and 2012.



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Figure 1: The Laurel Project including Lawford #1, various other EP417 prospects and the new Seven Lakes SPA

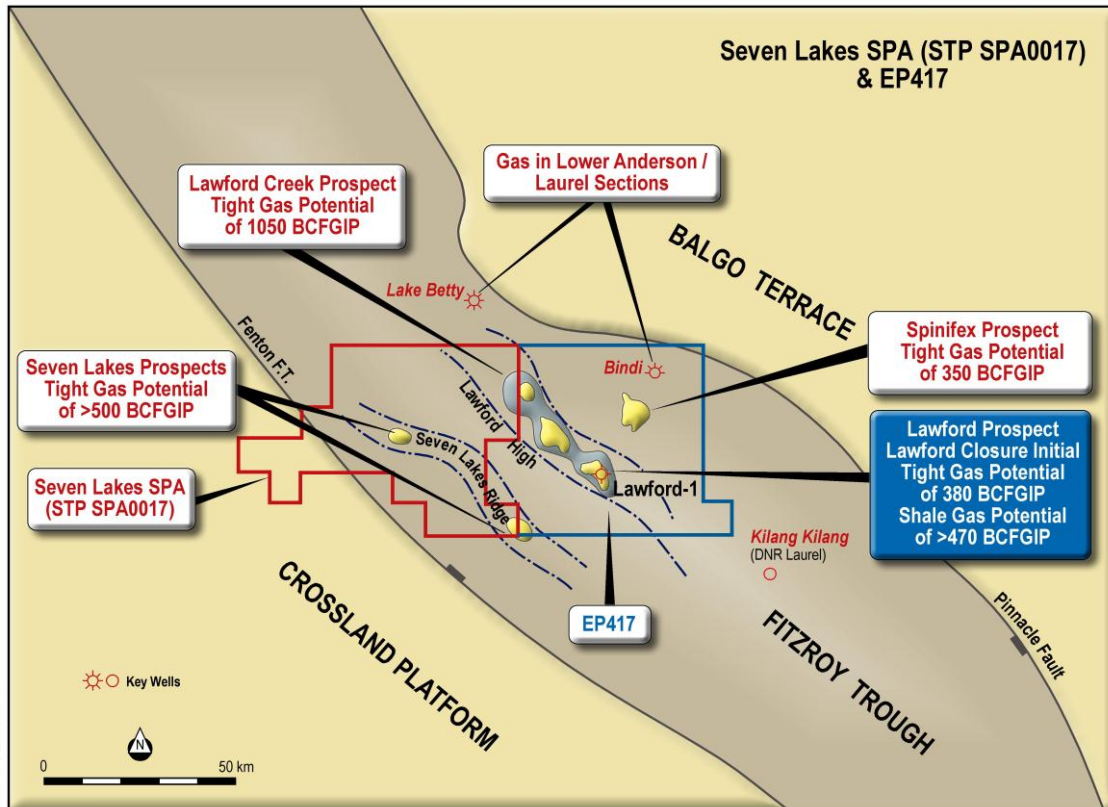
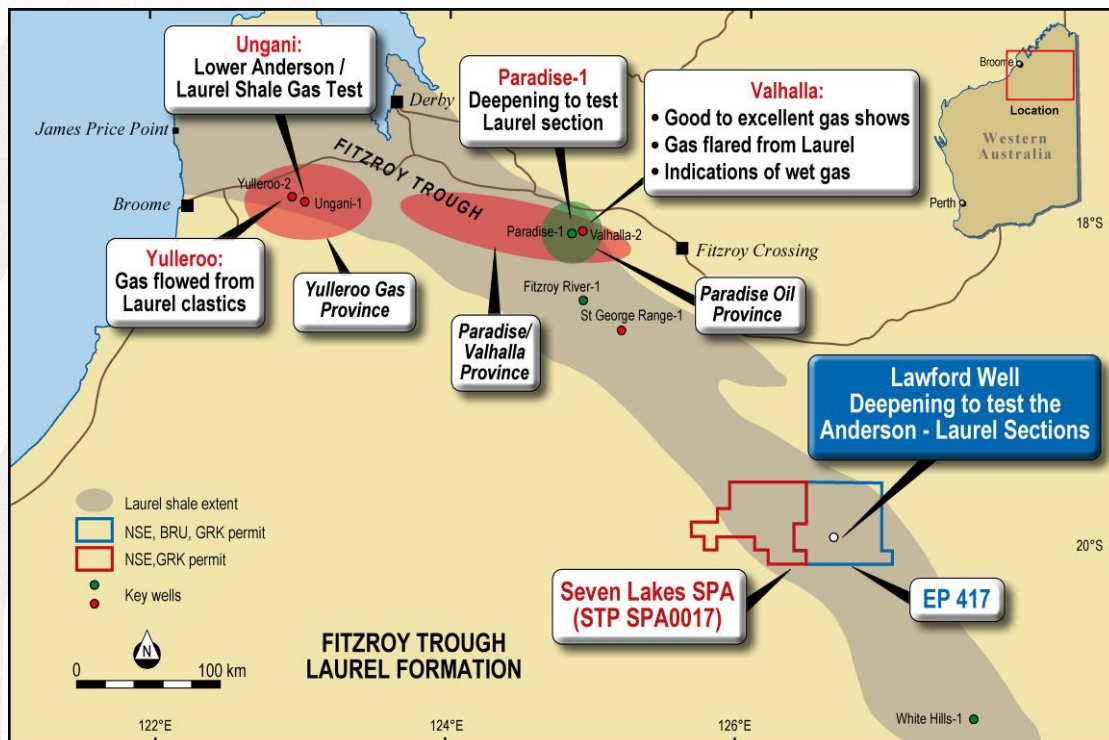


Figure 2: The large regional extent of the Laurel play and the current/planned exploration activity





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Figures 3 and 4: Cross section through the regional Fitzroy Trough illustrating the Laurel formation and the previous wells drilled along strike from Lawford #1 that have encountered hydrocarbons in the Laurel formation

