
ASX Announcement (ASX: NSE)

Date: 15 July 2014



NEW STANDARD
ENERGY

Atascosa Project Production Update

New Standard Energy Limited (**New Standard**) confirms 30-day Initial Production (**IP**) rates for the Peeler Ranch-5H and 6H wells, located in the company's Atascosa Project in the USA, of 417 and 374 barrels of oil per day (**Boepd**) respectively with oil cuts in excess of 90 per cent, which is in line with Company expectations for the wells.

Up to the end of June, more than 27,000 barrels of oil equivalent (**Boe**) has been produced from the two wells.

New Standard Energy Managing Director Phil Thick said he is very pleased with the results from the Company's first two operated wells, especially given the current market prices for oil.

"We are encouraged by the results and costs associated with our first Eagle Ford drilling experience and are eager to continue that success with additional drilling activity planned to commence within the next 6 months," Mr Thick said.

Total costs for the Peeler Ranch wells, including all site preparations, drilling and completion costs, came in under US\$6.5 million per well, significantly enhancing the expected internal rate of return for the wells.

"These two wells have not only been completed well under our initial budget expectations, but have been approximately \$2 million below the cost of the Peeler Ranch-4H well drilled last year, which shows the continued downward pressure on costs and the great opportunity we have to keep driving well costs down as we move forward. Additionally, it is great to be generating such significant income for the first time," Mr Thick said.

The Peeler Ranch wells and additional Eagle Ford drilling and production activities will be funded by New Standard's debt facility with Credit Suisse for up to US\$45 million.

New Standard made an initial draw of US\$9 million of a senior secured facility to fund the remaining costs for the completion and production tie-in costs for the Company's Peeler Ranch wells. This is in addition to the US\$5 million in equity funding already contributed by New Standard. The next draw down is expected to take place later this year and will contribute towards funding the next two wells at the Company's Atascosa Project.

New Standard has also formalised a hedging program covering 80 per cent of the oil production from the seven wells now in production at the Atascosa Project, to protect against any potential future fluctuations in the oil price and ensure the Company can confidently service its loan commitments.

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For further information, please contact:

Phil Thick
Managing Director
Ph: + 61 8 9481 7477
Email: pthick@newstandard.com.au

Cameron Morse
FTI Consulting
Ph: +61 8 9485 8888
Email: cameron.morse@fticonsulting.com

About New Standard: New Standard Energy is an onshore hydrocarbon producer, developer and explorer with a commitment to develop and realise the oil and gas potential of the most prospective shale and tight gas basins across the US and Australia.

The Company's exploration and production program is active, well-funded and extensive. It is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of prospective projects. New Standard's Board has substantial technical and commercial experience in the oil and gas sector.

The Company operates in four primary basins: Eagle Ford, Texas, USA; Cooper, South Australia; and the Canning and Carnarvon, Western Australia.

The Eagle Ford acreage is a development and production project. It contains five existing production wells, in the oil window of the Eagle Ford shale, which are currently producing and generating revenue that will provide immediate monthly cash flow to the Company. New Standard is currently drilling and evaluating additional wells.

The Cooper Basin Project is later stage exploration and development, to take advantage of existing infrastructure and the domestic and export opportunities available in the Australian East Coast gas market.

The Canning and Carnarvon Projects are frontier basins, providing New Standard's investors with exposure to high risk, high reward exploration.

New Standard benefits from a strategic alliance with its major shareholder, the US-based Magnum Hunter Resources Corporation, to efficiently develop the Atascosa Project in the Eagle Ford; to develop the Cooper Basin; and to explore in the Canning and Carnarvon Basins. The Company's portfolio includes:

Texas

- Working interests ranging from 35.4% to 100% Working Interest across 5,128 net acres in the Eagle Ford shale, onshore Texas, USA
- 32.5% working interest in the Colorado County Project, onshore Texas, USA

South Australia

- 52.5% operated interest in the PEL 570 acreage area in the Cooper Basin, South Australia

Western Australia

- 25% operated interest in the Southern Canning Project (EPs 443, 450, 451, 456), Canning Basin, Western Australia
- 100% operated interest in the Southern Canning Project (application areas STP-EPA-006, STP-EPA-007 and STP-EPA-010), Canning Basin, Western Australia
- 100% operated interest in the Laurel Project (EP 417 and Exploration Permit Application STP-EPA-0109), Canning Basin, Western Australia
- 100% operated interest in the Merlinleigh Project (EPs 481 and 482), onshore Carnarvon Basin, Western Australia
- 100% operated interest in application area STP-EPA-0092

In addition to the above portfolio, New Standard has a 28.2% equity interest in ASX listed Elixir Petroleum (**ASX: EXR**) and has formed a strategic alliance with Magnum Hunter Resources Corporation (**NYSE: MHR**) to deliver expertise and corporate growth. New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.

New Standard Energy Ltd. | ACN 119 323 385

Level 2, 7 Ventnor Avenue, West Perth WA 6005 | PO Box 1542, West Perth WA 6872

Tel + 61 8 9481 7477 | Fax +61 8 9486 7670 | newstandard.com.au