

# TITAN SIGNS US\$50M JOINT DEVELOPMENT AGREEMENT

ASX Announcement | February 2, 2015



Australian oil and gas company Titan Energy Ltd (ASX: TTE, OTC: TTENY) (Titan or the Company) is pleased to announce, that following an extensive due diligence process, the Company has signed a Joint Development Agreement for funding of up to US\$50 million with a leading United States-based oil and gas, energy funding partner and exploration and development company (the Fund). In the past two years the Fund has participated in the drilling and development of 38 Texas Gulf Coast salt dome wells.

Effective immediately, the Fund, has committed up to US\$50,000,000 in joint development projects with Titan over the next three years, based upon the successful completion of a pilot project currently underway and meeting the Funds performance criteria.

The initial pilot project consists of the workover and recompletion of five existing wellbores currently being undertaken by Titan at its Allen Dome oil project in Texas and the drilling of five new development tests on Allen Dome to begin in February 2015. Total initial project commitment exceeds US\$5,000,000 subject to ultimate well costs during the project.

A second Titan project, slated for funding by mid-2015, is already being prepared for participation by the Fund. It is anticipated the joint development funds from this programme will be available to Titan early in the second half of 2015. Titan is currently completing a number of acquisitions across the US Gulf Coast, which meet the Fund's criteria for development.

Titan Energy's Executive Chairman, Darren Levy, said "This agreement is a significant development for the Company and will undoubtedly have an ongoing impact on Titans shareholder value."

"The financial capacity that the Fund provides is huge for a company of our size. To have the cash flow to pursue all our planned drilling programs is a game-changer. At a time when the majority of oil and gas companies are announcing major reductions in their capital expenditure budgets and drilling plans, we are going significantly the other way."

## **MAJOR CURRENT AND POTENTIAL FUTURE IMPACT ON TITAN**

The funding of the current Allen Dome workover project and drilling of new wells generates a sharing relationship whereby Titan is to be paid US\$1,650,000 immediately.

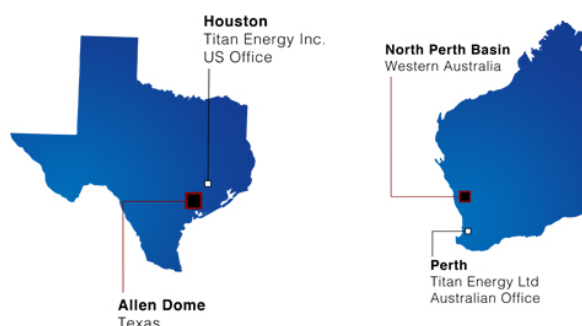
- \$1,500,000 in turnkey payments in return for the Fund participating in the ownership of 66.7% of the five workover wellbores.
- \$150,000 upfront as a \$30,000 per drillsite payment for the five new wells to be drilled.
- Titan will also receive a US\$100,000 per well payment upon spud for operations supervision for each of the five new wells.
- In the drilling of the five new wells, the Fund shall pay 75% of the actual costs for a 50% Working Interest ownership of the wellbores while Titan shall pay 25% of actual costs for a 50% Working Interest.

### **Management**

**Darren Levy**  
Executive Chairman  
**Brad Simmons**  
Executive Director & CEO  
**Paul Garner**  
Managing Director  
**Andrew Van Der Zwan**  
Non-Executive Director  
**Jack Toby**  
Company Secretary & CFO

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## **DRILLSITE PREPARATIONS UNDERWAY**

As previously disclosed, Titan, through its wholly owned subsidiary Titan Energy Operating LLC, is now aggressively moving forward on drilling plans beginning in February for a minimum five well in-field program at Allen Dome. A total of nine potential drillsites have been surveyed and are in various stages of the permitting process. The initial five are described as follows:

- JT Reese #14, a 5,300 foot in field development test. Location preparation almost complete.
- JT Reese #21, a 5,300 foot field extension test
- JT Reese #15, a 5,300 foot in-field development test
- JT Reese #16, a 5,300 foot in-field development test
- JT Reese #17, a 5,300 foot in-field development test

These drilling locations will evaluate a number of untested Miocene zones identified as oil productive in offset wells. Based upon new data recently uncovered by the Company, many of these appear to have never been tested. While the permitted depth is described as 5,300 feet, it is anticipated that the wells may be drilled to lesser depths subject to downhole conditions or any producing sands encountered while drilling.

## **COST BENEFITS OF RECENT OIL PRICE DROP**

Titan Energy is also pleased to report that in the past 90 days the estimated drilling and completion budget for the five development wells has dropped by in excess of 30% and it is expected that further discounts could be obtained. This downdraft in supply and service costs has made the prospective economics of drilling very attractive in spite of reduced product prices and is of considerable benefit for a company like Titan, which is at the development and appraisal phase.

The Company will continue to provide updates as to the progress of each well over the next several months of this very exciting period of growth.

### **For further information please contact:**

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