

ASX RELEASE  
29 October 2010

## QUARTERLY ACTIVITIES REPORT

Entek Energy Limited (“Entek” or “the Company”) is pleased to provide the following Activities Report for the quarter ended 30 September 2010.

### **HIGHLIGHTS**

#### **Green River Basin (GRB)**

Oil and gas has been recovered from four wells and these are in various stages of testing and completion. These being the Butter Lake 32-10 well, the Battle Mountain 14-15A well, the Robidoux 13-15T well and the CF&I well. More details follow.

Production continued during the quarter from the Slater Dome Gas Field onshore Green River Basin.

#### **Gulf of Mexico (GoM)**

Preparation work and permitting for the well in GA A133 is well underway. The well is expected to spud in late November or early December 2010. The well is targeting a 12 BCF prospect close to existing infrastructure.

Subsurface interpretation work and surface drilling location studies are well advanced on the VR 341/342 project. The wells could be drilled early in 2011. Prior drilling on the blocks discovered approximately 1.2 MMBO and 3.0 BCF of natural gas, which remains undeveloped, and the potential on both blocks has been estimated at 4 MMBO and 6.0 BCF of natural gas.

Production continued during the quarter from High Island 24L and PN 975 offshore in the Gulf of Mexico.

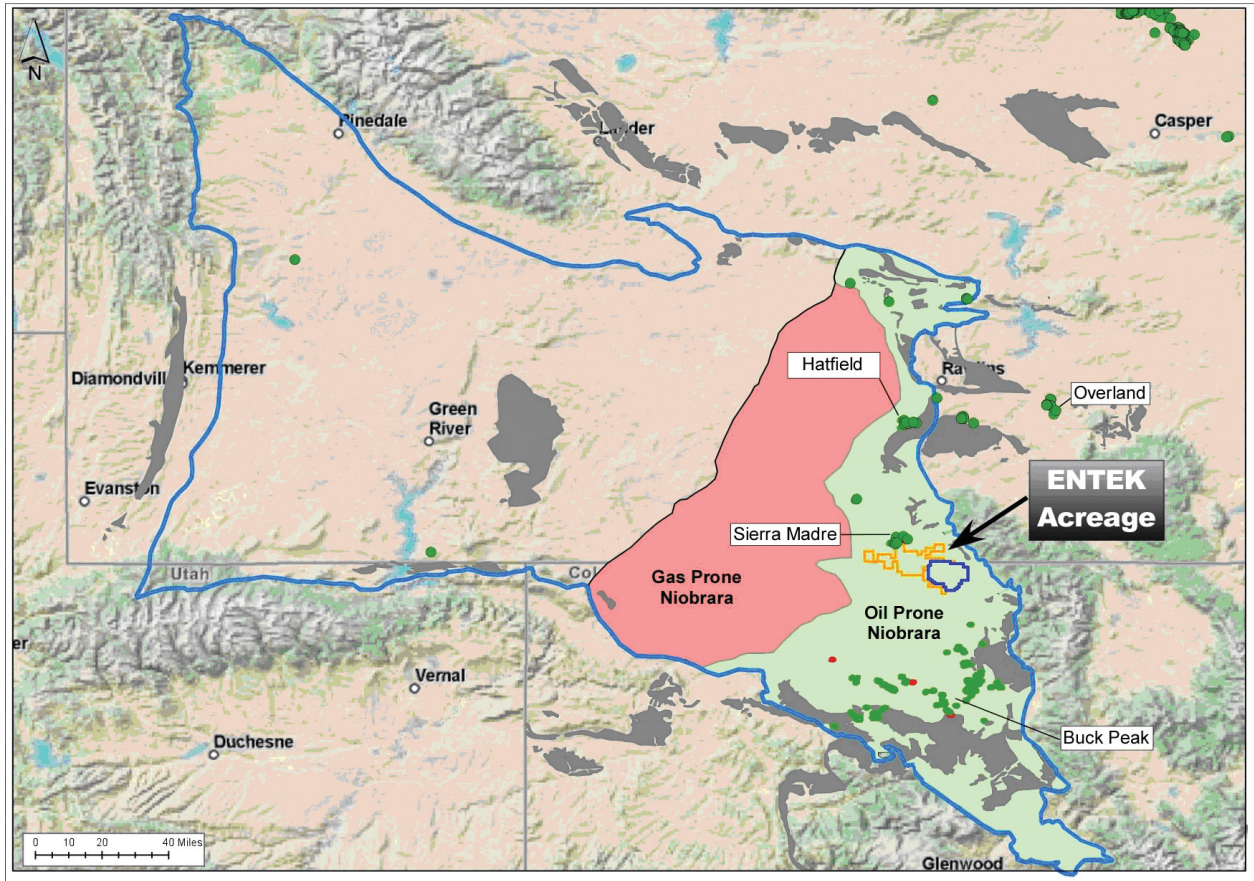
#### **SW Queensland**

Production continued during the quarter from onshore in SW Queensland from Block ATP-269P.

## FURTHER INFORMATION

### 1. Green River Basin

The following map illustrates the location of the Company's GRB acreage in the heart of the oil prone Niobrara play.



- **Butter Lake 32-10 (32-10)** – The drilling of the 32-10 well was completed during the quarter and testing and completion operations undertaken. During testing operations around 200 barrels of oil have been recovered from the well. After flow from the well became inhibited, the well was acid treated and perforated over 70 feet of the most productive hydrocarbon zones identified from log interpretation, which showed up to 370 feet net potential pay from the Niobrara Formation. The well is currently being put on production after which a stabilized flow rate will be established.
- **CF&I Well** – The CF&I well has tested at 240 BFPD at 90% watercut at a flowing wellhead pressure (FWHP) of 100 PSI. Processing facilities for separation of the water and oil are being designed and constructed for long term testing of the well.

The high water cut was expected as the well was extensively and excessively perforated by previous operators. Entek believes that it can optimize the production of this well utilizing the existing infrastructure associated with its Coal Bed Methane (CBM) production, with minor upgrades to

handle the larger liquid hydrocarbon volumes and oil water separation. The well is located central to the CBM operations and will be tested to establish stabilized rates of production and then put on permanent production by end 2010, should the stabilized rates be economic.

- ❏ **Battle Mountain 14-15A (14-15A)** – the 14-15A well returned significant oil and gas shows while drilling in 2009 and recovered oil and gas during this year's re-entry and testing operations. Complications related to an emulsion consisting of oil, drilling mud and formation fines (caused by the 2009 drilling operations) have hindered testing and flow from the well.

Analysis of the emulsion and the Niobrara Formation have shown positive reaction to acidizing. The Company is currently acid treating the existing vertical hole section.

If the acid treatment is unsuccessful, a directional sidetrack (from just above the Niobrara section in the 14-15A well) has been designed in order to access the Proven Undeveloped (PUD) Niobrara section established by the existing 14-15A well. It is believed the sidetrack operation will be approved this year and if required, the directional sidetrack will be included in the 2011 Development Plan.

- ❏ **Robidoux 13-15T (13-15T)** – the well returned significant oil and gas shows while drilling in 2009 and recovered oil and gas during this year's re-entry and testing operations. However, poor hole conditions resulting from the 2009 drilling operations have damaged the open hole Niobrara section.

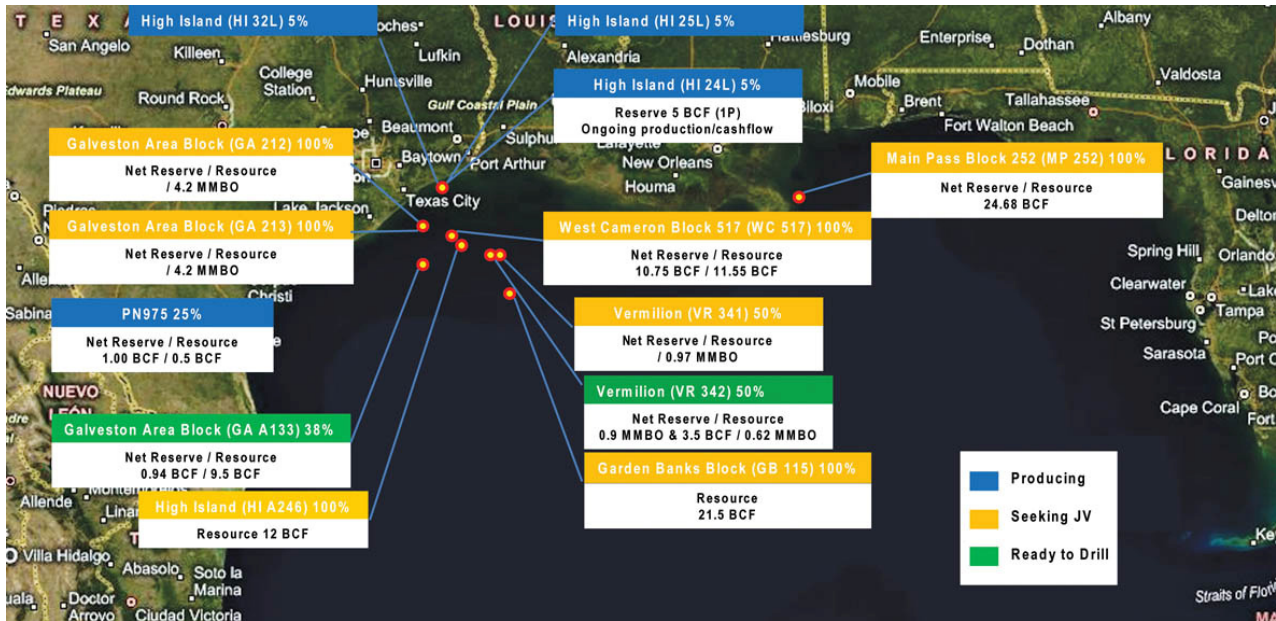
Log interpretation has established the Niobrara section of 13-15T has numerous Proven Undeveloped (PUD) hydrocarbon zones. A redrill of the Niobrara prospective section (either by directional sidetrack or new well) is being designed to develop the PUD which will be part of the 2011 Development Plan.

Planning is underway to perforate and test the Volcanic Sill in the Mancos Formation (which is at a shallower level than Niobrara section) and if successful put on production this calendar year. The Mancos Formation sill appears productive from log interpretation and mudlog shows while drilling.

- ❏ **GRB Production Continues** – Three well workovers on Robidoux 13-15, Robidoux 13-12-89 #1 and Robidoux 23-13 carried out in July 2010 have contributed to gas production rising from approximately 100 MCFD in June 2010 to 500 MCFD currently. Further workovers are being planned. Entek has carried out a range of infrastructure and operational upgrades, which whilst not adding directly to production, have resulted in, and will continue to deliver increased up-time and a safer and more efficient production operation. Further infrastructure upgrades and modifications are being planned and implemented.

## 2. Gulf of Mexico

The following location map illustrates the proximity of the blocks to each other in the Gulf of Mexico.



Whilst activity has continued across the portfolio of acreage, highlights for the quarter are:

**Galveston Block A 133 (GA A133)** – The GA A133 joint venture consisting of Entek, Peregrine II and Challenger Minerals has received approval to drill the planned well in GA A133. The Spartan 303 rig has been secured and drilling is expected to begin in late November or early December 2010. The well will take approximately 20 days to drill to Total Depth.

The initial well in GA A133 will target a prospect with up to 12 BCF of prospective resource that is expressed as a well defined seismic amplitude anomaly. First production from a successful GA A133 well is expected in Q2 2011.

**Vermilion Blocks 341 and 342 (VR 341/342)** – Subsurface interpretation work and surface drilling location studies are well advanced on the VR 341/342 project. The wells could be drilled early in 2011. Prior drilling on the blocks discovered approximately 1.2 MMBO and 3.0 BCF of natural gas, which remains undeveloped, and the potential on both blocks has been estimated at 4 MMBO and 6.0 BCF of natural gas.

**GoM Production Continues** – from Blocks HI 24L and PN 975 in the Gulf of Mexico.

### 3. SW Queensland

⚡ **Block ATP-269P** – The 28.15% working interest in SW Queensland continues to deliver production. Currently, with all three wells on stream, gross crude oil production is approximately 1,000 BOPM, with production net to Entek of approximately 280 BOPM. A 3D seismic program is scheduled to commence in late 2010 and will likely, following interpretation, delineate a further drilling location to be drilled in 2011.

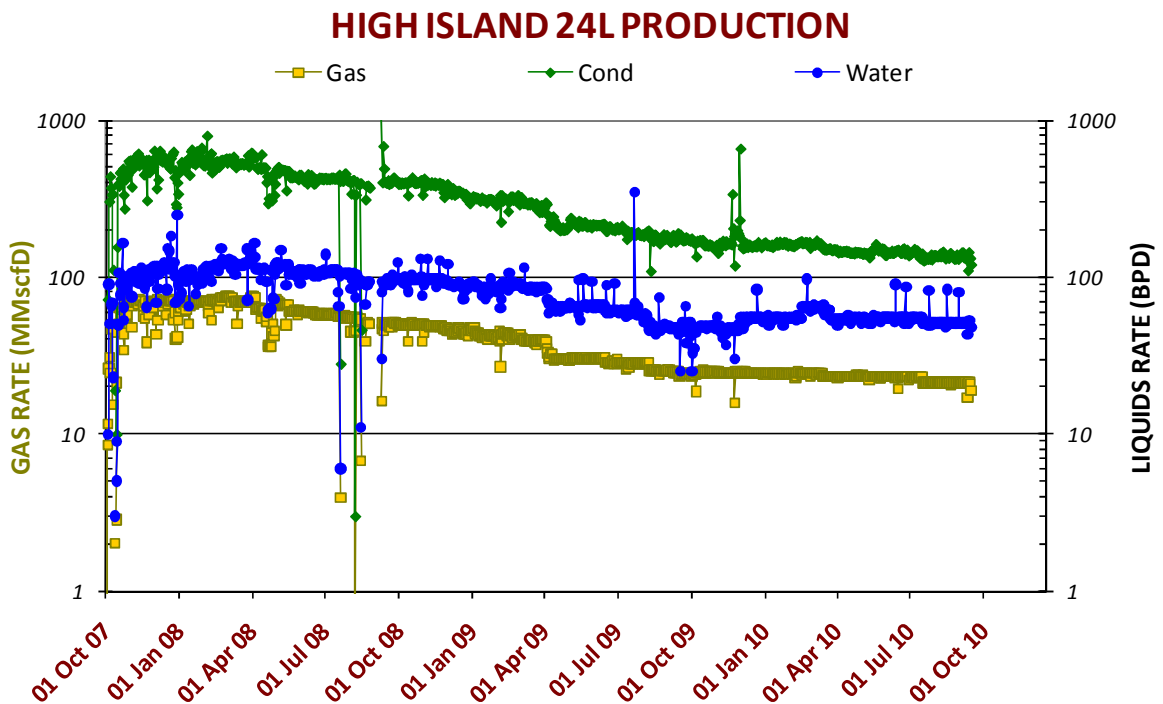
### 4. Production Performance during the Quarter

Following is an update on the production performance from Entek’s producing assets up to 30 September 2010.

#### 4.1 HIGH ISLAND 24L - GULF OF MEXICO

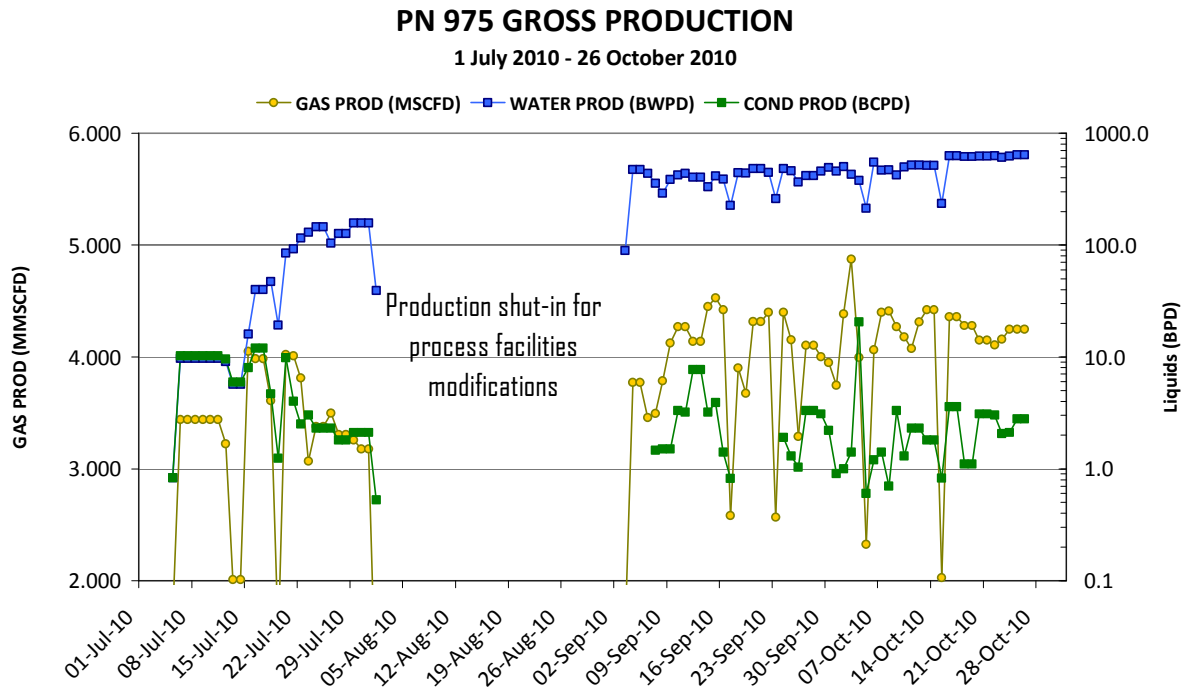
Production for the quarter was stable with minimal interruption. Natural gas monthly production, net to Entek for the financial year to date is illustrated in the accompanying chart.

Production at High Island 24L commenced on 18 October 2007 following discovery of the resource in September 2006. Production is from two wells (HI 24-L S/2 SW/4 #1 and HI 24-L N/2 SW/4 #1).



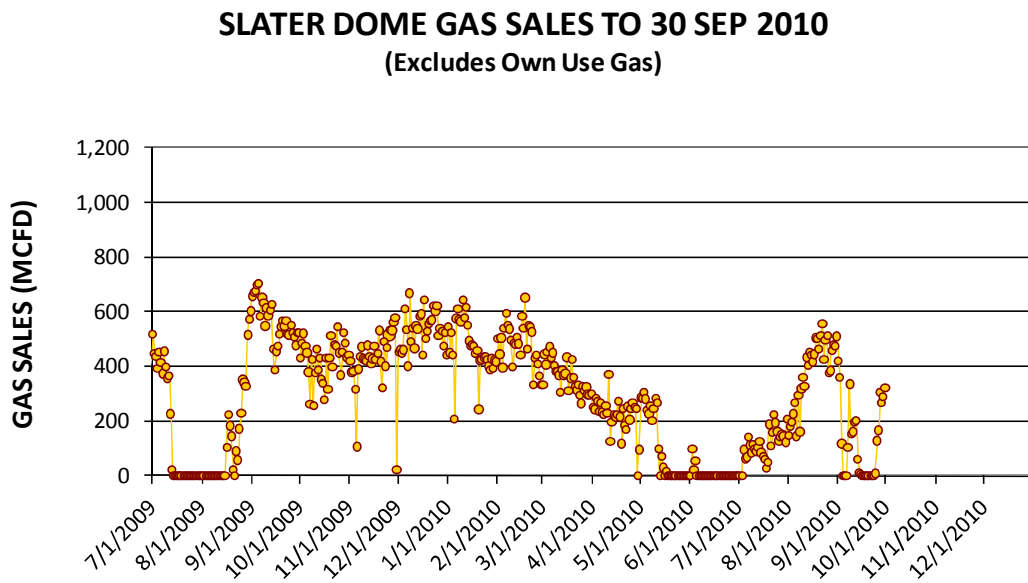
### 4.2 PADRE NORTH BLOCK 975 – OFFSHORE GULF OF MEXICO

Production at PN 975 recommenced on 5 July 2010. The following chart illustrates the production profile since startup.



### 4.3 SLATER DOME COALBED METHANE PRODUCTION – GREEN RIVER BASIN

Production to 30 September 2010 is illustrated in the following chart.

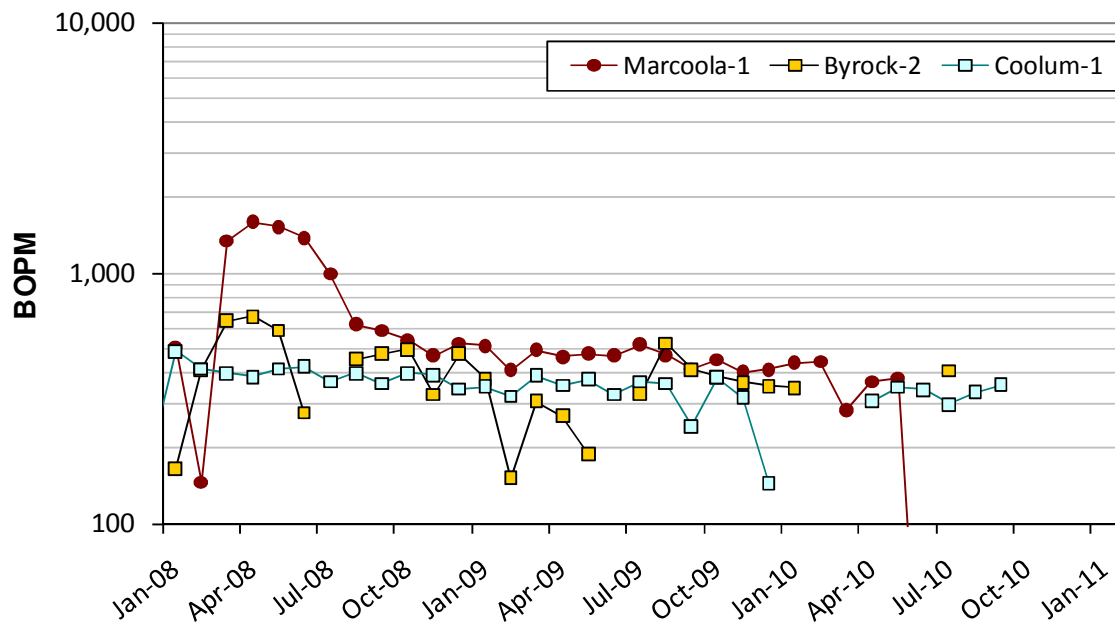


#### 4.4 SW QUEENSLAND - ATP 269P

Production for the quarter was interrupted by downtime at both Byrock-2 (due to accessibility difficulties resulting from area flooding) and Marcoola-1 (for well servicing). The chart below illustrates gross production to 30 September 2010.

Production is derived from three producing wells: Coolum-1, Byrock-2 & Marcoola-1. Entek has a 28.15% Working Interest.

### ATP-269P ALL WELLS OIL PRODUCTION



## 5. Corporate

Entek's financial position remains robust with:

- cash reserves of \$5.47 million and no debt at the end of the quarter and a further \$3.77 million gross to be received late October following the ratification of the second tranche of the recent placement; and
- revenue from both HI24L and PN 975 in the Gulf of Mexico, and increasing revenue from its Green River Basin production.

**Any enquiries should be directed to:**

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**Nomenclature**

BCF	Billion cubic feet: Cubic feet of gas multiplied by 1,000,000,000
BFPD	Barrels of fluid per day
FWHP	Flowing wellhead pressure
MBO	Barrels of oil multiplied by 1,000
MMBO	Barrels of oil multiplied by 1,000,000
MCF	Thousand cubic feet: Cubic feet of gas multiplied by 1,000
MMCF	Million cubic feet : Cubic feet of gas multiplied by 1,000,000
BOPM	Barrels of oil per month
MMCFD	Million cubic feet per day
MCFD	Thousand cubic feet per day

**Competent Persons Statement:**

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr Trent Spry, Chief Executive Officer & Managing Director of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr Spry has over 20 years experience in geoscience in the petroleum industry, both in Australia and internationally. His qualifications: University of South Australia, Bachelor of Science, Double Major Geology & Biochemistry, National Centre of Petroleum Geology & Geophysics(NCPGG), First Class Honours, 1993.