



**NEW STANDARD
ENERGY**

1 November, 2010

ASX Announcement

**HEINTSCHEL #1 PRODUCING GAS AND CONDENSATE TO SALES
FIELD DEVELOPMENT TO BE ACCELERATED
(ASX: NSE)**

Highlights:

- 🌿 **Heintschel #1 flowing healthy volumes of gas and condensate to sales**
- 🌿 **Encouraging hydrocarbon flow rates achieved on limited choke**
 - 🌿 **Stabilised flow rates of approximately 2.4 million cubic feet (mmcf) of gas and 100 barrels (bbls) condensate per day**
 - 🌿 **Condensate to gas ratio nearly double that of pre-frac flow tests**
 - 🌿 **Reservoir permeability greater than anticipated**
- 🌿 **Immediate appraisal and development wells planned for the broader Heintschel structure**

New Standard Energy Ltd (**New Standard**) is pleased to advise that the Heintschel #1 well has successfully been flowing hydrocarbons to sales over the past 71+ hours. During this time the well has cleaned up significantly and the flow rates of both gas and condensate have increased steadily. The wellhead flowing pressures have also stabilised at around 2,775psi during this period indicating the Heintschel #1 is a strong well with good reservoir permeability.

The well is currently flowing at rates of approximately 2.4 mmcf gas and 100 bbls condensate per day through an 18/64" choke into the sales network. The well has been choked back and tested on various different choke sizes during this period to prevent reservoir damage and avoid issues with gas handling equipment whilst the frac fluids are recovered and the well is cleaning up. As a result neither the maximum potential flow rate nor the most efficient daily production rate has yet been established.

Based on the mix of hydrocarbons produced to date there is a higher than anticipated ratio of condensate to gas at Heintschel #1. This is encouraging from a pure sales revenue perspective and assuming these rates hold steady, has the potential to nearly double the estimate of contingent recoverable condensate for the greater Heintschel field. To date the well has also been producing water at a higher than anticipated but manageable rate.

The encouraging flow rates and well performance following the Heintschel #1 frac has prompted the joint venture to revise the immediate work program to focus on the drilling of an appraisal well on the Heintschel closure some 2,900 metres from Heintschel #1. It is anticipated that this will be followed immediately by an offset development well some 365 metres from the Heintschel #1 location. This program will be focused on generating cashflow from production wells that can be tied into existing infrastructure. In addition the appraisal well will further define the size of the contingent resources contained within the broader Heintschel structure.

In commenting on the initial Heintschel #1 results New Standard Managing Director Mr Sam Willis stated "Although these results are still early in the piece they are encouraging and provide us with supporting evidence for both the potential productivity of the Heintschel #1 as well as the development potential of the broader Heintschel field."

"Despite being choked back the initial well performance is pleasing and, given the flow rates and strong wellhead pressures, it appears the Heintschel #1 is a healthy well that is meeting our expectations. The encouraging level of condensate we are seeing can make a substantial difference to the overall potential resources in the Heintschel field, not to mention the economics of the individual wells to be drilled and their production revenues."



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“The healthy flow rates aside, the successful frac has demonstrated that the Heintschel sands are receptive to fracture stimulation and that the reservoir is capable of generating strong wellhead pressures that, in turn, can facilitate healthy potential flow rates. This marks an exciting time for New Standard shareholders and is the first step towards future appraisal and development drilling of what appears to be a large gas/condensate field ideally located for commercialisation.”

Heintschel #1 Interests:

New Standard (NSE)	32.5%
Burleson Energy (BUR)	38.0%
AKG and associates (AKG)	29.5%

-ENDS-

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Competent Person: The information in this announcement is based on information provided to New Standard Energy by AKG Energy LP (an onshore US operator with in excess of 30 years experience) and Burleson Energy Ltd and reviewed by Dr Mark Hagan (BSc Hons, PhD) and Mr Ian Paton who are Petroleum Geologists and Geophysicists each with more than 35 years experience in the industry. Dr Hagan is Technical Director and Mr Paton is non executive chairman of New Standard Energy and they consent to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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 will have cash resources of approximately \$6m and 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 Western Australia's Canning Basin
- 100% operated interest in application areas 1/09-0, 2/09-0 and 5/09-0 in the Canning Basin
- 65% operated interest in EP417 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 10% equity interest (18m shares) in listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and is actively assessing other opportunities to complement and expand its portfolio.