

October 18, 2011

Warro-4 Testing Update

Transerv Energy (ASX: TSV) advises that it has completed the initial 10-day test of the Upper Zone at the Warro-4 onshore well in Western Australia.

The Upper Zone has flowed gas and liquids with the aid of nitrogen lift as part of the well clean-up operations. During the last 12 hours of this nitrogen lift-assisted period, the well averaged 600,000 cubic feet of gas per day with an average of 810 barrels of water per day.

The joint venture decided on midnight Sunday to allow the well to flow without nitrogen assistance so that its performance could be evaluated. Over the following 36 hours the well flowed unassisted at an average rate of 230,000 cubic feet of gas per day whilst lifting 550 barrels of water per day to the surface.

The water flow has diminished significantly since the start of testing of the Upper Zone, but it is yet to be determined how long it will take to clear most of the water from this zone.

The joint venture is monitoring the performance and clean-up of the Upper Zone in order to establish the appropriate future strategy for the testing program of the well.

Transerv emphasises that the results of the full flow testing program will need to be reviewed and evaluated before it will be possible to determine their commercial significance for the Warro field.

Background

The Warro field is an extensive and contiguous tight sand reservoir discovered by WA Petroleum (WAPET) in 1977. Independent industry expert, Gaffney Cline, estimated a P50 recoverable resource of 1.1Tcf (trillion cubic feet) based on a limited area containing estimated gas in place of 2.1 Tcf. Total potential gas in place of the field is estimated by the Company at 8-10 Tcf.

Warro-4 is being funded by Alcoa of Australia, which is earning up to a 65 per cent stake in the Warro field in return for spending up to \$100 million on appraisal and development activities. Transerv will retain a 35 per cent stake and is operator of the project.

Transerv has the right to market separately its 35 per cent share of gas production. The field is only 31 km from both the Dampier-to-Bunbury and Parmelia pipelines, which provide easy access to gas consumers both north and south of the field.

Stephen Keenihan
Managing Director