



**NEW STANDARD  
ENERGY**

**26 APRIL, 2012**

**ASX Announcement**

## **GOLDWYER PROJECT UPDATE (ASX: NSE)**

### **Highlights**

- 🌿 Phase 1 exploration drilling remains on track to commence mid 2012
- 🌿 Nicolay #1 prospect on EP456 chosen as first drilling location
  - 🌿 Access track and site construction well underway
- 🌿 MB Century Rig #14 has been mobilised to port of Darwin
- 🌿 Farm-in agreement amendments agreed with ConocoPhillips
  - 🌿 Phase 1 drilling expenditure caps increased to US\$13m per well

New Standard Energy Ltd (**New Standard**) is pleased to provide the following update on the company's progress towards the commencement of Phase 1 exploration drilling at the Goldwyer Project in the Canning Basin, Western Australia.

Planning, procurement, initial access and site construction and necessary approval activities are all progressing well in relation to the Phase 1 exploration program that currently remains on schedule to commence in mid-2012.

The Goldwyer Project participants (New Standard and ConocoPhillips) have jointly identified and agreed the three drilling locations for the Phase 1 exploration program with all three wells heavily focused on data acquisition to provide proof of concept for the Goldwyer Project. Data will be acquired through a combination of full coring throughout the Goldwyer formation, sophisticated mud-logging and a comprehensive suite of electric wireline logs. Following data acquisition, a detailed set of scientific studies and analysis will be undertaken in specialised laboratories to more fully assess the Goldwyer formation prospectivity.

The Nicolay #1 prospect, located on EP456, has been selected as the first location for the Phase 1 drilling program. Well design and engineering have been completed and specifically tailored for the early stages of unconventional exploration. Nicolay #1 will be drilled to approximately 3,200m and is aimed at gathering a comprehensive understanding of the Goldwyer play through the intended acquisition and analysis of a substantial section of full core over the entire thickness of the Goldwyer formation.

The MB Century Rig #14, recently contracted by New Standard, has been mobilised from its previous contract location and has arrived at the port of Darwin. The rig will now undergo customs, quarantine and safety compliance inspections and once these inspections are complete it will be released to New Standard to be mobilised to the Nicolay #1 drilling location ahead of an intended July 2012 spud.

Construction of the access roads, drill pad, camp site and air strip for Nicolay #1 is well underway and is currently on schedule to be completed before the arrival of the drilling rig on location.

As operator of the Goldwyer Project, New Standard has been undertaking regular consultation with government regulators and Indigenous traditional owners to build awareness of the drilling program and communicate its commitment to responsible and safe exploration practices.



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Similar preparatory work is also underway for the second and third well locations (Gibb Maitland #1 and Blatchford #1 respectively) to ensure these locations are prepared ahead of intended inter-well moves which will occur following the completion of Nicolay #1 drilling operations.

New Standard Managing Director Sam Willis said: "We are pleased with the way the planning and execution of the Phase 1 drilling is progressing. This drilling program will represent the first exploration activity in the southern Kidson Basin in more than 30 years so we are truly forging a new energy frontier. The second half of 2012 will provide exciting times for our shareholders as we move ahead with our Goldwyer drilling program and commence the early phases of exploring what could be a world class resource play."

### **Farm-in Agreement Update**

New Standard and ConocoPhillips have also agreed to amendments to the farm-in agreement executed in September 2011 that reflect changes to costs associated with Phase 1 activities including (but not limited to) the following:

- additional mobilisation and operating costs of the bigger MB Century Rig #14 which has been contracted for the Phase 1 wells;
- well design and well engineering that has been specifically tailored for detailed data acquisition during early stage unconventional exploration; and
- expedited infrastructure expenditure being incurred during Phase 1 that will also be utilised in future phases of exploration and evaluation work

The agreed amendments include an increase to ConocoPhillips' 100% funding cap for each of the three Phase 1 wells to US\$13m per well (ie total funding cap of US\$39m for Phase 1 drilling). New Standard will be required to fund the costs of any overruns in excess of these Phase 1 well caps (as is currently the case) and has also agreed to fund 25% of the scientific studies and formation evaluation work (estimated at a total joint venture cost of approximately US\$5m). The increase in funding caps for the Phase 1 wells will not impact ConocoPhillips' 100% capped expenditure commitments for Phase 2 (US\$20m), Phase 3 (US\$20m) or Phase 4 (US\$40m) programs nor will it result in any adjustment to the project equities under the agreement.

All conditions precedent to the farm-in agreement have now been either met or waived and the Phase 1 costs are now being borne in accordance with the revised terms of that agreement as outlined above.

"The amendments to the farm-in agreement reflect optimisation of the exploration program and farm-in terms to ensure comprehensive data sets are obtained during Phase 1 drilling to help establish proof of concept for the Goldwyer Project during these initial phases of exploration," Mr Willis said.

"The agreed amendments minimise New Standard's potential exposure to Phase 1 drilling costs to amounts in excess of US\$13m per well and highlight the strong working relationship between the parties and their commitment to work with each other to achieve the best exploration and evaluation plan for the Goldwyer Project," Mr Willis said.

-ENDS-



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**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 currently has cash resources of approximately \$23m net and is aggressively progressing its oil and gas exploration portfolio which is primarily focused on the Goldwyer Project in the Canning Basin and the Merlinleigh Project in the onshore Carnarvon Basin in Western Australia.

The company's current exploration portfolio includes:

- 25% operated interest in EP's 443, 450, 451, 456 in Western Australia's Canning Basin
- 25% 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 (diluting to 50%)
- 60% operated interest in Seven Lakes SPA 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

In addition to the above portfolio, New Standard has a liquid 6.4% equity interest (15m shares) in ASX listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and a 13.7% equity interest in ASX listed Elixir Petroleum Ltd (ASX: EXR). New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.