



## ASX Announcement

23 January 2012

### Operations update Fairway / Shepard's Channel

Target Energy Limited ("Target") (ASX CODE: TEX) is pleased to provide the following operations update.

#### Fairway Project, Howard County, Texas

##### **BOA 12 #1**

BOA 12 #1 is on pump and continues to flow oil, gas and water, with a minimum of 14,000 barrels of load-water still to recover.

Recent chemical analysis of the water being pumped from the well has indicated that formation water from the above-lying Clearfork formation may be mixed with the load-water being recovered from the frac, suggesting that the Clearfork is not properly sealed off. A pulling unit is being mobilised to the site to isolate the Clearfork zone from the Wolfberry production and to confirm the source of that formation water.

As a consequence of the introduced formation water, the load water that has been recovered from the BOA 12-1 frac may have been over-estimated. It is Target's view that it may take another 4 to 6 weeks to recover sufficient load water to establish a representative oil flow rate from the well.

##### **Ongoing drilling**

Discussions are underway with the Operator regarding the location and timing of the next Fairway well, presently scheduled to commence in March.

*Target Energy is earning a 60% Working Interest in the Fairway project.*

#### Shepard's Channel Prospect, La Fourche Parish, Louisiana

Following the drilling out of the lowermost cement plug at 3,800m, drilling continued in the open hole to a depth of 3,923m (within the channel sand), at which point the drill pipe become stuck. Just prior to this, the well encountered gas, with the gas influx noticeably reducing the density of the drilling mud returning to the surface.

Operations are now underway to free the drill string, after which a further 95m will be drilled (to the original Total Depth of the well at 4,020m) and then a 5" liner run over the open hole. Testing will commence immediately thereafter.

#### Corporate information

##### **ASX Code**

TEX

TEXOB

##### **Board of Directors**

Chris Rowe, Chairman  
Laurence Roe, Managing Director  
Graham Riley, Director  
Stephen Mann, Director  
Ralph Kehle, Chairman TELA (USA)

Rowan Caren, Company Secretary

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##### **Overview of activities**

Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.

*NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr. Laurence Roe, B Sc, Managing Director of Target Energy, who is a member of the Society of Exploration Geophysicists and has at over 30 years' experience in the sector. He consents to that information in the form and context in which it appears.*



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*Target Energy has a 10.33% Working Interest in Shepard's Channel.*

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For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in black ink, appearing to read "Laurence Roe".

Laurence Roe  
Managing Director