

# Galilee Energy expands into onshore Texas Gulf Coast

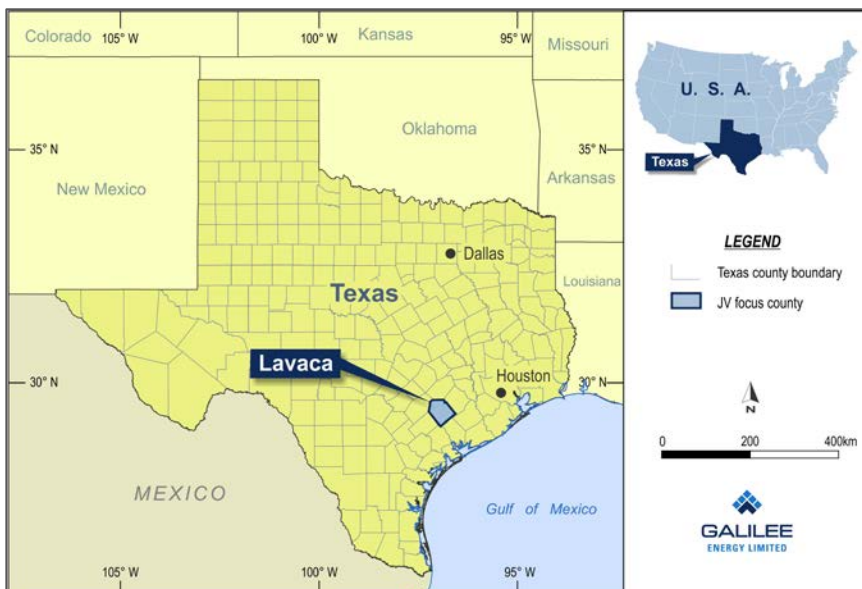


24 June 2014

- **Galilee grows its portfolio in North America with entry into the prolific Texas Gulf Coast**
- **Significant participation in a high impact, liquids rich exploration target**
- **First well to be drilled in 2014**
- **No promotion on entry, with participation on same terms as existing partners**
- **Well credentialed partners, including Calnex Resources Inc and Gruy LLC**

Galilee Energy Limited (ASX: **GLL**) ("**Galilee**" or the "**Company**") announces it has acquired a 35% working interest in a high impact, liquids rich exploration target in Lavaca County, Texas. Galilee will participate on equal terms with the other Joint Venture partners for a 35%<sup>1</sup> working interest ("WI") in a 4,300m exploration well on the Hoffer Prospect in Lavaca County, Texas.

The well, planned for late 2014, will target the Lower Wilcox formation on a ~3.6 sq km (~900 acre) structural closure identified by 3D seismic (see figure 1, over the page). The Lower Wilcox reservoir has proven to be a prolific producer in the region and this, combined with the large size of the prospect and moderate cost of onshore drilling, provides a significant, high impact, addition to Galilee's exploration portfolio.



Production from other wells in Lavaca County at similar depths and reservoir targets have seen initial production in excess of 10 MMscfd with cumulative production per well of over 10 Bcf. Galilee expects the well to deliver sweet natural gas with a good liquids yield. Successful testing of the target will result in immediate follow up development wells and rapid commercialisation with an existing pipeline infrastructure located approximately 500m from the well.

**Map 1** – location of Lavaca County, Texas

<sup>1</sup> Final interest subject to election from other participants

As part of the Participation Agreement, Galilee also has an option to participate in other wells along trend in a Joint Venture area covering over 260 square kilometres. The prospect is located within a proven hydrocarbon province in Lavaca County on the Gulf Coast of Texas, and the company expects that if proven successful, the Lower Wilcox trend can be extended with a number of other targets already identified from seismic.

The 3-D seismic (see Figures 1 & 2) over this area shows the main target horizon, the Lower Wilcox sand, has created an “umbrella structure” with a prognosed 200m of gross sand development, down-faulted on a ~3.6 sq km (~900 acre) structural closure.

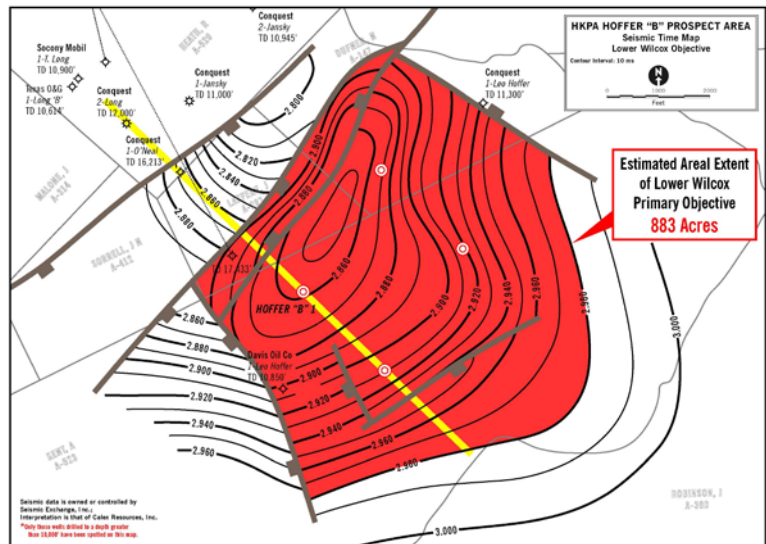
*“Our participation in this first well is a very exciting step for the company. If successful this well will deliver a significant cashflow stream to Galilee within months, along with continued drilling activity across this structure and other prospects in 2015.”*  
Managing Director Peter Lansom said.

Trio Consulting and Management LLC, who are very experienced operators in the area, will carry out all field operations.

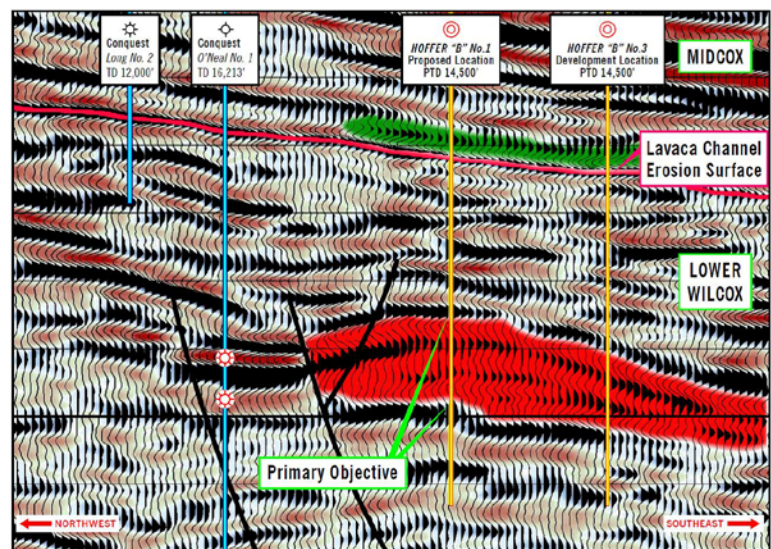
Technical support will come from two Joint Venture partners, Neil Malloy (Calex Resources) and Gruy LLC of Dallas, Texas, who both have significant experience in the Gulf Coast.

### Details of the agreement

Under the agreement, Galilee will fund its 35%<sup>1</sup> working interest in all operations (including prospect generation and leasing), subject to a 73% net revenue interest and the original owners having a 20% back in after payout. Galilee’s expected total cost of participation in the well through to testing will be less than US\$1.5 M.



**Figure 1** – seismic time map of Hoffer prospect



**Figure 2** – 3D seismic line showing exploration target

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**About Galilee**

Galilee's new board and management is focused on building and expanding its asset mix to create a mid-tier exploration and production company. Galilee has a clear plan to grow shareholder value and the capacity to execute.

- Strong Balance sheet
- Proven successful Board and Management
- New strategic direction

**Directors**

Chairman - David King  
Managing Director – Peter Lansom  
Executive Director – Paul Bilston  
Non-executive Director – Ray Shorrocks

**Shares**

Shares on issue – 152,140,466  
Top 20 holders – 54.06% \*  
Directors and Management – 6.22%

\*As at 19 May 2014