

September 2015

## HIGHLIGHTS

- Core wells TE-007C, TE-008C, TE-009C at Tanjung Enim Production Sharing Contract (PSC) successfully drilled with encouraging results.
- Commencement of exploratory activities in Rengat PSC with the first exploratory well drilled.

## CHAIRMAN'S COMMENTS

Since our last drilling campaign more than a year ago, NuEnergy is pleased to report on the recent drilling campaigns in Sumatra, Indonesia for the September quarter. Results were highly encouraging from the Tanjung Enim PSC which shows geological parameter similarities with one of the world's successful commercialised Coal Bed Methane basin. These vital indicative results will enable NuEnergy to establish gas reserves and bring NuEnergy a step closer towards commercialization. Building on the portfolio for future opportunities, NuEnergy drilled its first exploratory well in the Central Sumatra area with a view to potentially extending its resource base.

We are encouraged by these results and NuEnergy expects to expand its drilling campaigns from this point forward.

## Operations Report

During the quarter, NuEnergy operations were mainly focused on the drilling campaigns in the Tanjung Enim PSC, South Sumatra and Rengat PSC, Central Sumatra.

## Tanjung Enim PSC

The first core well, TE-008C, was spud towards the end of June 2015 and followed by the second core well, TE-007C and the third core well, TE-009C during the quarter. A truck mounted rig was used and mobilised within the wells situated approximately 850 metres apart and successfully drilled to their target depth of 300 metres.



**Rig Site at TE-008C**

Results revealed the following geological parameters from the three core wells:-

- Logs of coal seams confirmed total thickness between 40 metres to 49 metres with over 13 metres from a single seam.
- Gas saturation analysis tested across all of the seams from the three core wells demonstrated gas content ranging between 80 and 110 scf/ton as certified by PT Sucofindo, the official Indonesia certifier.

The results from the three core wells are highly encouraging which shows geological parameter similarities with other proven successful commercialised CBM basins.

| Basin                                      | Field                 | Coal Thickness (metres) | Gas Content (scf/t) |
|--|-----------------------|-------------------------|---------------------|
| NuEnergy – South Sumatra Basin (Indonesia) | Tanjung Enim          | 40 - 49                 | 80 – 110            |
| Powder River (United States)               | Recluse Rawhide Butte | 12 - 27                 | 30 – 70             |
| Western Canadian Sedimentary (Alberta)     | Horseshoe Canyon      | 10 - 33                 | 55 - 110            |

**Source: Society of Petroleum Engineers (SPE 103514)**

With these results, NuEnergy look forward to intensify its drilling campaigns in the next quarter for the early establishment of gas reserves.

Tanjung Enim PSC covers 249.10 km<sup>2</sup> of the South Sumatra basin and is situated in the most prolific CBM basin in Indonesia with existing gas pipelines infrastructure nearby. Dart Energy (Indonesia) Holding Pte Ltd ("DEIH") group has a 45% working interest in the PSC and is the operator of the PSC. NuEnergy entered into a Conditional Share Purchase Agreement with Dart Energy International Limited in May 2015 for the acquisition of the entire equity interest in DEIH. The proposed acquisition is currently pending completion.

### **Rengat PSC**

The first exploratory well was spud towards the end of June 2015 and successfully drilled to the target depth of 495 metres. Both mud logging and wireline logging have confirmed prognosis of identifiable coal seams to their depth although the targeted seams revealed low economic significance. Further Geological and Geophysical Studies to complement existing data have been conducted to facilitate the completion of the drilling campaign.

NuEnergy will continue with the drilling campaign in the next quarter to log and conduct permeability test on coal formations to identify and map coal continuity across the basin and to understand the reservoir characteristics for further development.

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Rengat PSC covers 2,395 km<sup>2</sup> of the Central Sumatra basin and lies in between prolific oil and gas concessions (located in the Central Sumatra basin in the vicinity of a major gas pipeline from Jakarta to the Chevron Duri Steam Flood project and related infrastructure). NuEnergy has a 100% working interest in the Rengat PSC and is the operator of the PSC.

## **ABOUT NUENERGY GAS LIMITED**

NuEnergy Gas Limited (NuEnergy) is an emerging ASX listed gas and ancillary power generation development company with an immediate focus on establishing unconventional gas production in Indonesia.

NuEnergy has a strategy to acquire, explore, appraise and develop Coal Bed Methane ("CBM") acreage in this region. It is listed on the Australian Securities Exchange (ASX: NGY) with offices in Sydney (Australia) and Jakarta (Indonesia).

The Company's overall strategy is to explore and establish commercial resources/reserves over its CBM projects, construct production facilities and commence production as soon as possible.

The Company is led by a team of experienced executives with a track record of successfully identifying and developing CBM projects around the world. This team is complemented by the skills of our Indonesian partners to maximise the value of the company's coal bed methane opportunities.

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