



28 February 2007

The Manager, Companies  
Australian Stock Exchange

## **PROGRESS REPORT NO. 11**

### **CRUX-2 ST1 APPRAISAL WELL IN EXPLORATION PERMIT AC/P23**

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Please refer to the attached announcement.

Yours sincerely,

**Susan Robutti**  
**Company Secretary**



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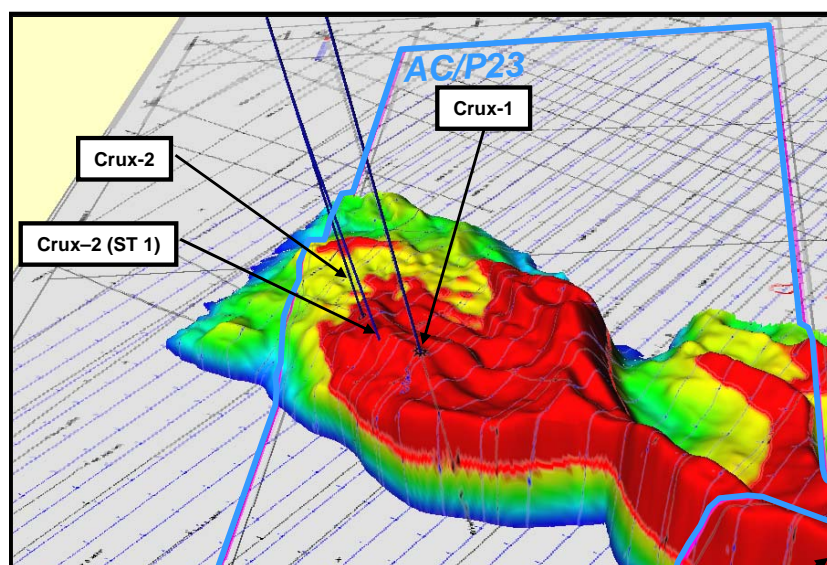
### CRUX-2 ST1 APPRAISAL WELL IN EXPLORATION PERMIT AC/P23

#### Progress Update

Nexus Energy Limited ("Nexus") advises that as at 8.30 AM (ACST), the Crux-2 ST1 well in permit AC/P23, in the Browse Basin, was drilling ahead at a measured depth of 3,400 m RT.

The forward plan over the next week is to drill ahead to intersect the 'A' and 'B' sand reservoir sections encountered in the Crux-1 well.

A further update will be provided once the zone of interest has been intersected and evaluated.



Crux Field – Structure Map (3D image)

#### Crux-2 Results and Crux-2 ST1 Objectives

The Crux-2 appraisal well targeted a potential north-eastern extension of the Crux field where additional resource upside was identified, but where the seismic character differed to that observed at Crux-1. The Crux-2 well was designed to evaluate this potential in order to determine the lateral extent of the Crux field.

As previously announced, Crux-2 confirmed a gross gas column of 70 m with a net 26 m of good quality sandstones in Jurassic aged Plover Fm. However from an engineering perspective, the well did not intersect the required minimum thickness of reservoir sands necessary to support the proposed liquids project gas injection rate. By sidetracking the Crux-2 well to a more optimal location the company plans to utilise the cased large-bore well as the first of up to six wells required for the potential recycle project.

While the Crux-2 sand intersection was insufficient for gas injection, it does importantly prove a significant sand body which may be expected to contribute to the field's overall gas and condensate resources.

The Crux-2 well has also provided an important control point enabling Nexus to refine its predictive model for sand deposition within the Crux reservoirs. As highlighted above, there were distinct differences between the seismic character seen at Crux-1 and Crux-2.

The Crux-2 ST1 sidetrack location will target an area towards the Crux-1 well beyond the point where a change in seismic character is observed. It is expected from the seismic that the reservoir characteristics at the sidetrack location will be similar to those for reservoir sands encountered at the Crux-1 well.

If the Crux-2 ST1 well is successful in encountering a significant gas column similar to Crux-1, it will be cased and suspended as a future development well.

It should be noted that such a well at the Crux-2 ST1 location could be used either as a gas injector for a liquids recycle project or a subsequent producer for an LNG project.

### Participants

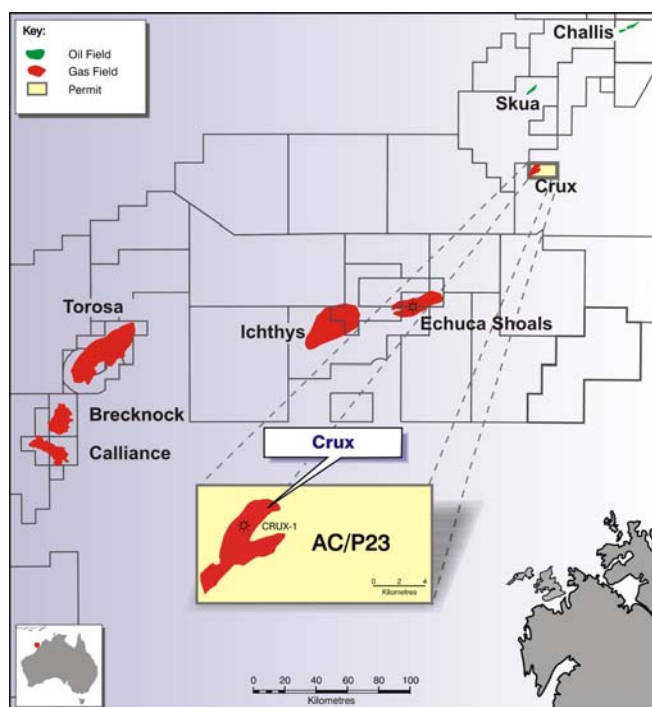
Nexus Energy WA Pty Ltd (100%)

### Location

The Crux-2 ST1 well is located in AC/P23, in the offshore Browse Basin, Western Australia.

Longitude 124 deg 28' 4.25" E

Latitude 12 deg 56' 50.18" S



Location Map Crux Field – AC/P23

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### **Background on the Crux Field**

The field is 100 kilometres north east of the 100% Nexus owned permit WA-377-P which contains the Echuca Shoals gas discovery, adjacent to Inpex's Ichthys gas field; currently being considered for development as an LNG project.

A 3D seismic survey acquired by Nexus earlier this year indicates that the field contains a best estimate contingent recoverable condensate resource of 71 MMstb.

Early in 2006 Nexus sold the rights to the gas (excluding condensate) in the Crux field to Shell for US\$40 million.

Sale of condensate from the field has the potential to provide significant value to Nexus' shareholders and this opportunity has been vigorously pursued since the field was acquired.

The gas sales agreement provides for Nexus to be able to execute its condensate recycle project until 31 December 2020 at which time Shell will take ownership of the permit and will be able to extract the gas and any remaining condensate.

Nexus envisages a gas recycling scheme for the Crux liquids project with approximately 960 MMscf/d being produced through three production wells. Over 25,000 stb/d of condensate would be stripped from the gas before it is compressed and re-injected into the reservoir through three injection wells.

The wells are to be tied back to a floating production, storage and offloading facility (FPSO).