



16 February 2007

The Manager, Companies  
Australian Stock Exchange

**PROGRESS REPORT NO. 9**

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

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#### **Progress Update**

Nexus Energy Limited ("Nexus") advises that as at 9.30 AM (ACST) this morning, the Crux-2 well in permit AC/P23, in the Browse Basin has reached a total depth of 3,926 m RT. Preparations are underway to side track the well after completing wireline logging.

Wireline logs indicate 26 metres of good quality gas sands within a gross interval of 70 metres. Pressure data obtained by wireline formation testing has confirmed that these sands are in communication with the reservoir sands seen 2 kilometres away in Crux-1. This confirms that the gas accumulation encountered in Crux-1 extends to the Crux-2 area.

The reservoir quality of the net sand interval is similar to that seen in Crux-1.

The well will now be side tracked to a location approximately midway between the Crux-1 and Crux-2 wells. The Crux-2 side track is expected to intersect a similar reservoir sequence to that seen in the Crux-1 well. It is intended that the Crux-2 side track well will be suspended as a future production or injection well.

## Participants

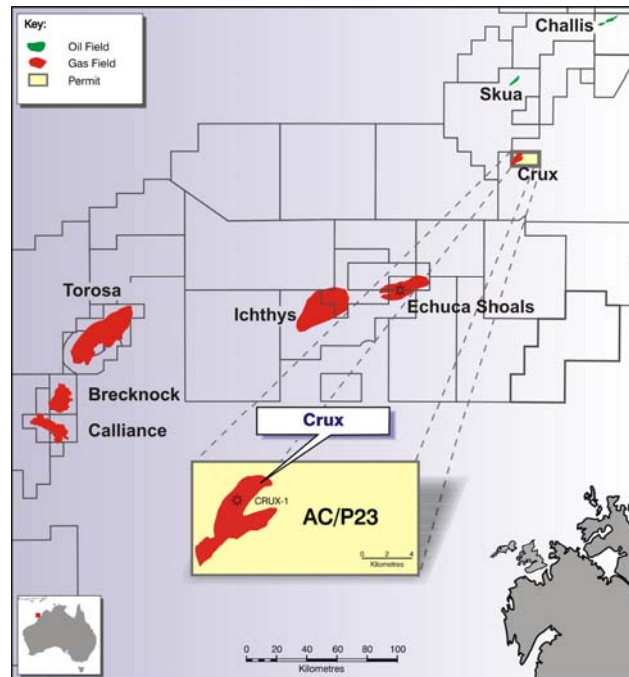
Nexus Energy WA Pty Ltd (100%)

## Location

The Crux-2 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 in 2006 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).