

September 27, 2011

## Gas flows recorded from lower zone at Warro-4 well

- ***Production commences from single lower zone***
- ***Well flowing gas at up to 0.65 mmcf/d with 1000b/d of fluids***
- ***Nitrogen lift no longer required for well to flow natural gas***
- ***Field has estimated resource of 8-10 Tcf of gas in place***

Transerv Energy (ASX: TSV) wishes to advise that gas started flowing from the lower zone at the Warro-4 onshore well in WA on September 21<sup>st</sup>. Over the past 7 days, gas has been flowing at 0.42 - 0.65 mmcf/d (2" choke) while still lifting a considerable amount of liquids to surface at a rate of about 600 - 1000b/d, with the rates of both gas and water production slowly declining over the period.

Importantly, the lower zone has demonstrated for the past week that it is capable of flowing gas naturally without the need for nitrogen lift. While this is an encouraging outcome, it is clear the well will not cleanup on its own and the Joint Venture has decided to recommence nitrogen lift to accelerate the flows and the cleanup process.

Transerv emphasises that a full flow-testing program will need to be completed before it is possible to best understand the likely performance of the Warro field. As the Warro 4 completion program involves the use of a two-inch inner pipe, which has restricted the quantity of flow back liquids per day, the clean-up or flow back process takes considerable time.

Zones four and six account for approximately 30 per cent of the net pay in the Warro reservoir section, based on the results from Warro 3. Zone six is considered broadly representative of the top 4 net pay zones and zone four of the bottom 4 net pay zones of the Warro reservoir section.

### ***Background***

The Warro field is an extensive and contiguous tight sand reservoir discovered by WA Petroleum (WAPET) in 1977. Independent industry expert, Gaffney Cline, estimated a P50 recoverable resource of 1.1Tcf (trillion cubic feet) based on a limited area containing estimated gas in place of 2.1 Tcf. Total potential gas in place of the field is estimated by the Company at 8-10 Tcf.

Warro-4 is being funded by Alcoa of Australia, which is earning up to a 65 per cent stake in the Warro field in return for spending up to \$100 million on appraisal and development activities. Transerv will retain a 35 per cent stake and is operator of the project.

Transerv has the right to market separately its 35 per cent share of gas production. The field is only 31 km from both the Dampier-to-Bunbury and Parmelia pipelines, which provide easy access to gas consumers both north and south of the field.

*For and on behalf of the Board*