



## ASX Announcement

5 October 2011

### TARGET STRIKES OIL WITH FIRST WELL AT FAIRWAY PROJECT

#### Highlights

- **BOA 12 #1 well encounters potential oil and gas pay in all primary and secondary targets**
- **Initial results highlight strong potential for discoveries to be economic**
- **Well will now be completed as a producing well**

#### BOA 12 #1 (Fairway Project, Howard County, Texas)

Target Energy Limited (ASX: TEX) is pleased to advise that it has struck oil with the first well at the Fairway Project in Howard County, Texas.

The BOA 12 #1 well has encountered potential oil and gas pay zones in all primary and secondary targets.

These preliminary results have given Target sufficient confidence to complete BOA 12 #1 as a producing well.

Target is earning a 60 per cent stake in the Fairway Project.

The well drilled through a 1,080m section in the "Wolfberry" zone which exhibited numerous shows while drilling, in particular in the Wolfcamp, Strawn and Mississippian formations. An initial review of the log data confirms the potential productivity of this interval.

Logs also confirm that the well intersected potential oil pay over a 5m interval in the deeper Fusselman formation.

Furthermore, the well encountered oil at a depth of approximately 1,312m through the shallower San Andres formation (the San Andres is the main producing horizon in the adjacent Howard Glasscock field). San Andres production cannot be combined with that from the Wolfberry, so the partners will assess the feasibility of drilling a shallow well next to BOA 12 #1 to produce separately from this zone.

Additional shows were also noted in the Clearfork formation.

#### Corporate information

##### ASX Code

TEX  
TEXOB

##### Board of Directors

Chris Rowe, Chairman  
Laurence Roe, Managing Director  
Graham Riley, Director  
Stephen Mann, Director  
Ralph Kehle, Chairman TELA (USA)

Rowan Caren, Company Secretary

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##### Overview of activities

Target is exploring and producing a suite of highly prospective oil and gas projects in the USA.

*NOTE: In accordance with ASX Listing Rules, any hydrocarbon reserves and/or drilling update information in this report has been reviewed and signed off by Mr Laurence Roe, B Sc, Managing Director of Target Energy, who is a member of the Society of Exploration Geophysicists and has at over 30 years' experience in the sector. He consents to that information in the form and context in which it appears.*

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Processing of the log data is underway and will be available to the partners in about 10 days. While final completion plans will be subject to the results of this analysis, the numerous oil and gas shows are sufficient for the partners to have committed to completing the well for production, with production casing now being run in the well. The well will initially be completed in the Fusselman Formation.

Target Managing Director Laurence Roe said the results so far were highly promising.

"We are pleased with what we have seen to date," Mr Roe said. "Not only does the Wolfberry section look very encouraging, but we expect that the deeper Fusselman section will be productive for oil. The Fusselman porosity was lower than we were anticipating, but this zone often also has fracture porosity and if that is the case here, we could see some good flows.

"Beyond our Wolfberry and Fusselman targets, we also appear to have a separate discovery in the San Andres formation that will probably merit drilling a new test well.

"Processing of the log data is underway and we expect to receive the final products next week. While our completion plans for the well will be subject to this information, we are planning to test the Fusselman first.

"This is a very good outcome and a great start to our involvement in the Wolfberry - one of the hottest resource plays in the US."

### Operations Update

All reported depths are measured depths below the Rotary Table (RT) on the rig floor.

<b>Report Date:</b>	7:00 pm 04/10/11 (Western Aust Standard Time) / 6:00 am 04/10/11 (USA Central Daylight Time)
<b>Current Depth:</b>	3,075.4 metres RT (TD).
<b>Progress:</b>	Drill ahead to 3,075m (Total Depth). Run wireline logs. Run 5 ½" production casing.
<b>Hydrocarbon Indications:</b>	Oil shows noted while drilling in shallow San Andres formation (approx. 1,312m).  Numerous shows in Wolfberry section (approx. 1,920m to 3,002m).



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Oil shows in deeper Fusselman limestone objective (3,043.7m – 3,048m); zone calculates productive for oil with low porosity.

### Primary and Secondary Targets:

The primary targets are the Wolfberry and Fusselman sections. The Wolfberry has the potential to recover up to 180 mBOE per well and the Fusselman up to 80 mBO.

Target Energy is earning a 60% Working Interest in the Fairway project.

While operations are underway, the company will issue routine releases every Thursday or at any such time that material matters require an earlier release.

ENDS

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For and on behalf of TARGET ENERGY LIMITED

A handwritten signature in dark ink, appearing to read "Laurence Roe".

**Laurence Roe**  
**Managing Director**