



## ASX Announcement

20 June 2011

### Target to test 120 Bcf Louisiana prospect; Project Updates

US-focussed oil and gas exploration and production company, Target Energy Limited ("Target"; ASX:TEX), is pleased to provide the following updates.

#### Shepard's Channel Prospect, La Fourche Parish, Louisiana

Target is pleased to announce that it has agreed to participate in a test of the 120 Billion cubic feet (Bcf) Shepard's Channel gas and condensate prospect in La Fourche Parish, Louisiana.

Target will earn a 7% working interest (WI) in the project by paying its share of acreage costs and the costs of re-entering an existing (cased) borehole to complete the well in a hitherto untested sand. Work is expected to commence in late Q3.

The well will be re-entered and completed for production over a 50-metre interval of porous and potentially gas-charged sands which were never tested when drilled in the early 1980s. These sands were not the primary target in the well and the operator did not consider them to be prospective. The primary target was not intersected and the well was abandoned.

Later acquisition of 3D seismic in the region defined the extent of the untested sands and showed them to be deposited in a channel covering approximately 1,200 acres. More importantly, detailed analysis of the well data now strongly suggests that indications of the hydrocarbon potential of these sands were suppressed on the wireline logs and that if tested, they could have flowed at potentially commercial rates.

Based on the well data and the 3D seismic, there is the potential for this prospect to hold up to 120 Bcf of recoverable gas.

The proposed re-completion is designed to properly test the sands and to confirm the analysis. If successful, additional wells will be required to fully develop the feature.

Managing Director Laurence Roe noted: "This is a situation where new and innovative thinking is being applied to recover what appears to be overlooked oil and gas in a region that is already proven to be highly productive. Success here will also encourage the participants to pursue a number of other similar prospects identified in the region – over 500 Bcf of potential by-passed pay has already been identified in other old wells.

"We think it's an attractive opportunity - Target would normally not consider taking an interest of less than 20%, but we feel the potential upside is large enough to justify our participation."

#### 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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##### Contact details

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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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### Fairway Project – Howard & Glasscock Counties, West Texas

Preparations are underway for the first well in this project, with drilling expected to commence in approximately 30 days.

The well will target both the Wolfberry section and the deeper Fusselman Formation and will also investigate additional potential in the Canyon, Cisco and Clearfork Formations - all of which are productive in the area.

Typical Wolfberry reserves for wells in the region are approximately 140 thousand barrels of oil equivalent (mBOE), with potential for up to an additional 80 mBO in the Fusselman formation. In the Fairway project area in particular, the Fusselman can be highly prospective with recent local wells producing from that formation at sustained rates of up to 300 Barrels of oil per day (BOPD) and paying out within a couple of months.

A further three wells, one in each of the other tracts in the project area, are likely to be drilled back-to-back commencing in mid-late Q3, with planning for major appraisal and development programs to follow.

### Buffalo Project, South Texas

Following the fracture stimulation ("the frac"), the well remains on pump recovering water with a consistent flow of approximately 50 thousand cubic feet of gas per day and approximately 5 barrels of oil per day.

The recovered water volume now exceeds the amount injected during the frac process (as has been noted previously, the frac appears to have encountered some local water-bearing sands and the well now produces a mixture of both formation water and load water). Further water recovery will be required before a meaningful increase in oil and gas can be expected.

Fluid recovery and flow monitoring are continuing.

For and on behalf of  
TARGET ENERGY LIMITED

A handwritten signature in dark ink, appearing to read "Laurence Roe". The signature is written in a cursive style and is positioned above the name and title of the signatory.

**Laurence Roe**  
Managing Director