

Petratherm Well One of Australia's Hottest 'Hot Rocks' Prospects

Australia's emerging geothermal energy sector has been boosted with confirmation from new tests by Petratherm Limited that a South Australian exploration well has officially recorded one of the country's highest 'hot rocks' temperatures at levels much closer to surface than previous wells.

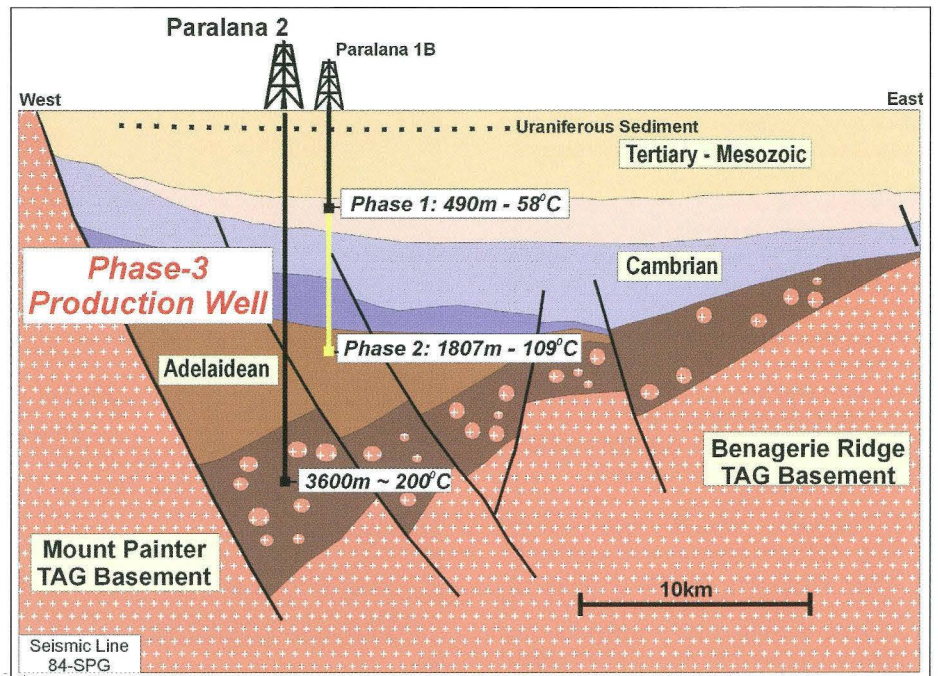
In results released from formal temperature tests on the latest drilling of the Paralana-1 well, 130 km east of SA's main electricity grid infrastructure at Leigh Creek, Petratherm Managing Director, Terry Kallis, said the well had achieved the company's expectations of target temperatures of 200°C at a depth of 3.6 km.

He said the Paralana-1 geothermal test well result paves the way for Petratherm to consider the feasibility of moving to the third stage of its project to develop a commercial geothermal resource in far north South Australia.

"This stage would drill two new wells nearby to Paralana-1 but up to twice the depth of the test well, to prove up the expected thermal resource, undertake circulation tests and establish an underground heat exchanger", Kallis said.

Under this trial heat exchange program, water would be pumped from the surface down one of the new wells and circulated through hot rocks at approximately 3.6 km depth. It would then be returned to surface via the second well as superheated water able to produce steam to drive electricity generators.

The drilling and circulation work would be a precursor to developing an electricity generation plant at Paralana of around 7.5 MW capacity to supply local demand. Kallis said the temperature results also provided a high level



The diagram summarises the measured and expected temperatures following each stage of drilling by Petratherm of the Paralana-1 geothermal test well. Phases 1 and 2 are complete and the Paralana Geothermal Test Well will become a seismic monitoring location reference well for future development of Paralana.

allow long-term commercial development and exploitation.

"The successful temperature outcome will have an immediate cost and operational benefit going forward as we do not believe that we have to now drill any deeper than 3.6 km to achieve commercial conclusion", he said. "This is up to 1.5 km nearer the surface than other geothermal projects in Australia and overseas and presents much more competitive development options and potentially far fewer

Kallis said Petratherm was negotiating with several potential partners to form a joint venture to fund and develop the trial power development program. "Our preferred position is to more substantially advance these negotiations before the Petratherm Board makes any decision on a go-ahead for the heat exchange stage", he said.

"It is heartening, however, that Australia's geothermal potential is now viewed within the broader energy supply sector as a near-