

Nexus, Shell Awarded New Permit Surrounding Crux

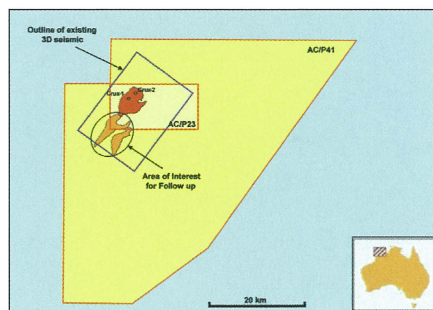
Nexus Energy, in a joint venture with Shell Development (Australia), has been awarded a new exploration permit, AC/P41, in the Browse Basin surrounding the Crux gas and petroleum liquids field.

The AC/P41 permit surrounds Nexus' Crux gas condensate field and is 200 km off the Kimberley coast in the northern part of the Browse Basin. The permit covers an area of approximately 1,900 km².

Nexus Managing Director, Ian Tchacos, said Nexus and Shell each hold 50% equity in the new permit and Shell will be the operator. He said the work programme includes geological studies of the area, drilling of exploration wells and acquisition of 3D seismic data.

Tchacos said the Crux field holds considerable potential for both a liquids project, and potentially an LNG development. "The addition of a new permit in a joint venture with Shell indicates both companies' confidence in the potential of the Crux gas field and offers Nexus greater exposure to the broader Crux structure and significant additional potential for new discoveries in the vicinity", he said.

"Nexus is very pleased to have been granted this permit in partnership with Shell. It forms part of



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a wider relationship for gas commercialisation in the Browse Basin incorporating the Echuca Shoals gas field in which Nexus recently farmed out 34% to Shell."

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He said a recently acquired 3D survey called Crucis, over an area of 280 km², had covered Nexus' existing AC/P23 permit, containing the Crux field, and an area to the south now included within the newly assigned AC/P41 permit.

"The Crucis 3D seismic data indicates additional appraisal potential associated with the Crux structure along an identified horst block mapped by Nexus to extend into the AC/P41 permit", Tchacos said. "Nexus has also identified additional near field exploration potential."

Nexus has commenced appraisal of the main part of the Crux field defined by the Crux-1 discovery well. The company recently drilled the Crux-2 well to test the northern extension of the field, intersecting 27 m of net gas sand. "Nexus is currently drilling the Crux-2 ST1 well (sidetrack well) to provide another important control point, which if successful, will be cased as a future development well", he said.

Tchacos said the Crux field has potential for a future petroleum development based around a gas recycling/liquids stripping project while the substantial gas resource within Crux also holds promise as a future liquefied natural gas (LNG) development. Early in 2006 Nexus sold its rights to the gas (excluding condensate) in the Crux field in AC/P23 to Shell for US\$40 million.

The Crux field is 100 km 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 which is currently being considered for development as an LNG project. ■