

ASX Announcement: 3 November 2011

## CEO on Production Outlook

Open Briefing interview with CEO Julie Beeby



WestSide Corporation Limited  
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*WestSide Corporation Limited (ASX Code: WCL) is focused on coal seam gas exploration and production in Queensland with assets including a 51% operating stake in the producing Meridian SeamGas field in the Bowen Basin.*

*Market capitalisation: \$71 million*

### In this Open Briefing®, Julie discusses:

- September quarter production at Meridian SeamGas and outlook
- Galilee Basin exploration plans
- Funding position post Mitsui E&P farm-in

### Open Briefing interview:

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WestSide Corporation Limited (ASX: WCL) recently announced production of 767,030 GJ from the Meridian SeamGas field for the quarter ended 30 September 2011, up 4.5% from 733,774 GJ in the previous quarter. To what extent is this lift in production indicative of the expected production trend going forward?

#### CEO Julie Beeby

We expect to maintain this trend, supported by the commissioning of the seven new dual-lateral well-sets drilled at Pretty Plains and an ongoing workover program that has arrested field decline and delivered approximately 2.7 Terajoules a day (TJ/d) of production since 1 July 2010.

Two of the new wells now account for approximately 11% of field production and the other new production wells are progressing in a similar manner, so we remain confident of achieving increased production in the current quarter.

The seven new wells are targeting peak aggregate production of 6-7 TJ/d as the Meridian SeamGas joint venture advances plans to increase production toward 25 TJ/d by the end of calendar 2012.

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You expect to be able to bring wells into production more quickly in future. What is the basis for this expectation, particularly given you've previously emphasised the importance of bringing new wells into production slowly due to dewatering and the prevalence of coal fines on start-up?

**CEO Julie Beeby**

We've been experimenting with a range of variables such as choke pressures, pumping equipment and dewatering rates to determine the most efficient way to commission these wells and minimise the need for workovers during the process.

As a result, we've identified the critical phases during desorption when the pace needs to be steadied and non-critical phases when dewatering the coal seams can be accelerated without increasing the prevalence of fines.

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You've targeted a further 19 wells at Meridian for production enhancement, including the testing of a blind lateral well to demonstrate production from a lateral section without connection to a vertical well. If this blind lateral well is successful, what implications would it have for future production at Meridian?

**CEO Julie Beeby**

Proving commercial production from a blind lateral well will provide WestSide with the option of drilling new lateral wells without the need to drill an additional vertical well from which to extract the gas, in addition to the proven technique of surface to in-seam wells. This will reduce the joint venture's production drilling costs and save time.

Using this approach would also help minimise the environmental footprint of the wells because one well pad could accommodate a series of blind lateral production wells radiating out in different directions.

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Do you remain on track to achieve your targeted production of 25 TJ/d by the end of calendar 2012?

**CEO Julie Beeby**

The seven new well sets we've completed should provide Meridian SeamGas with a significant boost from current production levels of approximately 10 TJ/d. Plans are also being finalised to drill another series of dual lateral well-sets during the current financial year as well as a series of up-dip blind laterals, subject to the results achieved from the well now being tested. These wells are forecast to produce the gas required to ramp up to 25 TJ/d once they achieve full production.

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During the September quarter, WestSide launched its exploration program in the ATP974P and ATP978P (WCL 51%) tenements in the Galilee Basin with the spudding of the Glenlyon 1 well in September. The planned four-well program is expected to be completed by the end of the current calendar year at a cost of \$4 million. What are the key aims of the program?

**CEO Julie Beeby**

The two tenements cover some 14,480 km<sup>2</sup> and have not been previously drilled so this is very much a grassroots program to investigate the hydrocarbon potential of the Permian-age Betts Creek and Aramac Coal Measures present throughout the basin.

The target horizons in Glenlyon 1, which are expected to occur from about 1,000 metres below surface, will be cored for testing to determine the gas content and composition of the coal seams intersected.

Later phase exploration will target shallower areas to the northern regions of the tenements with a view to proving up contingent (3C) resources.

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To what extent might recent widespread community campaigning against coal seam gas mining have an impact on WestSide's production and exploration plans?

**CEO Julie Beeby**

Meridian SeamGas, in which we have a 51% operating interest, has been in commercial production for some 15 years and is located in the Bowen Basin near Moura which has had an association with coal mining dating back to the 1960s.

Consequently, the local communities within which we are operating have become accustomed to mining and CSG production over the years. Landholders affected by Meridian's CSG operation near Moura number no more than a few dozen and they are compensated appropriately.

Importantly, there are no aquifers present within the Meridian SeamGas fields and the coal seams within the Bowen Basin contain significantly less water than those in the Surat Basin where WestSide does not have any exploration interests.

ATP 769P, in which WestSide has a 25.5% joint operating interest, lies in the same mining region adjacent to Meridian SeamGas. Similarly ATP 688P, in which WestSide has a 25.5% operating interest, extends north through Bowen Basin mining communities to Collinsville where economic interests are aligned with coal mining.

For those reasons, we do not believe the impact on production at Meridian SeamGas or exploration in the Bowen Basin will be that great.

Further to Queensland's north west, CSG exploration is just getting underway in the Galilee Basin where we have a 51% operating interest in ATP 974P and ATP 978P in joint venture with Mitsui E&P Australia. The desire within this vast region for the economic stimulus, growth and development that CSG exploration has the potential to provide, is strong.

However, that desire is tempered by the region's heavy reliance on ground water and community demands that CSG exploration companies protect the source, being the Great Artesian Basin.

To this end WestSide is a founding member of the Galilee Basin Operators' Forum, formed to commission and fund a regional baseline water study which will soon be presented to the Queensland Water Commission.

WestSide has been actively engaging with regional councils and other key stakeholders as part of an ongoing community consultation and education process to build confidence in the company and the drilling technology being deployed to ensure the aquifers are protected.

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As at the end of September 2011 WestSide had \$13.6 million in cash, down from \$23.1 million at the end of June. Since the end of the quarter you've received funds from Mitsui E&P Australia for its farm-in to tenements ATP 688P and ATP 769P (WCL 25.5%; Mitsui 24.5%; QGC 50%). How does this position you to fund your planned exploration, reserves expansion and production growth activities over the medium term?

**CEO Julie Beeby**

Since the end of September the company has received an \$11.7 million settlement from Mitsui E&P Australia for the Bowen Basin tenement farm-ins and a further \$1.9 million in GST refunds, taking the total to \$27.2 million.

WestSide has sufficient capital in place to fund its operations in the current financial year. To accelerate development and exploration activities though, additional funds may be required.

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Thank you Julie.

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For more information about WestSide Corporation, visit <http://www.westsidecorporation.com> or call Investor & Community Relations Manager Richard Owen on +61 7 3020 0933.

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