



## ASX Announcement

7 October 2010

### Bowen Basin CSG Drilling Update

The Directors of Bow Energy Ltd (ASX:BOW) are pleased to provide an update on exploration, appraisal and pilot production program in Bow's Bowen Basin CSG tenements.

So far this year, Bow operations have been delayed over three months due to wet weather, which resulted in limited access, unsafe conditions and unscheduled delays in our reserves certification. Regardless, Bow's aggressive drilling and testing programs scheduled over the current quarter are targeting to deliver upon Bow's continued reserve upgrades from early next year.

#### Early results at Norwich Park (ATP1031P, Bow 100%) confirm at least one large gas field

Bow has identified three high potential CSG prospects within this block, namely, Vermont, Dysart and Norwich and has now completed 6 core holes of a 9 well initial CSG exploration program.

Bow has obtained an initial certification of a 2C (contingent) gas resource of 1,402 petajoules (PJ) from the Vermont CSG Field which is one of three CSG projects in the Norwich Park Block. The initial 2C resources are within the Fort Cooper and Moranbah Coal Measures. Bow is carrying out a permeability testing program during this quarter targeting conversion of the 2C resources into substantial 3P and initial 2P reserves in the Vermont CSG Field.

Gas contents, obtained to date in the Norwich Park Block, are high to very high ranging from 10-26 m<sup>3</sup>/tonne (Dry Ash Free) and are over 96% methane gas. A summary of six core wells drilled to date is set out below:

Well	Total Gassy Coal Intersected	Gas Content (m <sup>3</sup> /tonne)
VM-1	52 metres	14-22
VM-2	77 metres	12-22
VM-3	62 metres	10-22
NW-1	66 metres	18-26
NW-2	53 metres	Date pending
NW-3	38 metres	Data pending

A second core hole exploration drilling rig is scheduled to commence this month to complete the Norwich Park initial exploration program by year end, weather permitting. Pilot production programs using another rig are scheduled early next year following similar programs scheduled in the Comet Block.

## Comet Block (ATP 1025P – Bow 100%) appraisal program targets commercial gas flows

The Comet CSG Bowen Basin Block has a prospective area of 470 km<sup>2</sup> comprising the Blackwater CSG and the Comet CSG Fields. Bow has to date obtained 3P gas reserves of 2,253PJ and 2P gas reserves of 59PJ over areas within the Comet Block. Adjacent tenements are operated by BG Group and Arrow (50:50 owned by Shell and PetroChina).

To deliver commercial gas flow rates, Bow is in the process of trialing several completion techniques in the Blackwater CSG Field immediately west of the Blackwater Power station which is currently under construction and scheduled for commissioning early in 2011:

- Two ‘four spot’, vertical well, CSG pilots are scheduled to be fracture stimulated later this month. All eight wells have been drilled and cased and are awaiting fracture stimulation equipment. The fracture stimulations are designed to enhance the existing permeability and thereby improve fluid and gas flow rates. Fracture stimulation completions have resulted in commercial gas flow rates elsewhere in the Bowen Basin
- Two lateral (horizontal) pilot wells drilling into an 8 metre Rangal coal seam target are also underway and planned for completion in November. Pre-lateral vertical exploration wells drilled into the target seam flowed gas to surface at low rates and a flow test of one of the vertical wells produced water at about 130 barrels per day suggesting good permeability. These initial lateral wells are located about 3 kilometres south of the northern ‘four spot’ CSG fracture pilot. Lateral drilling and completions have been successful in obtaining commercial gas flow rates in adjacent tenements and other CSG areas of the Bowen Basin.

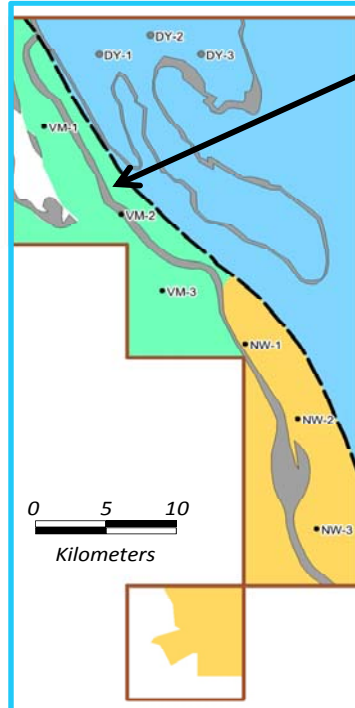
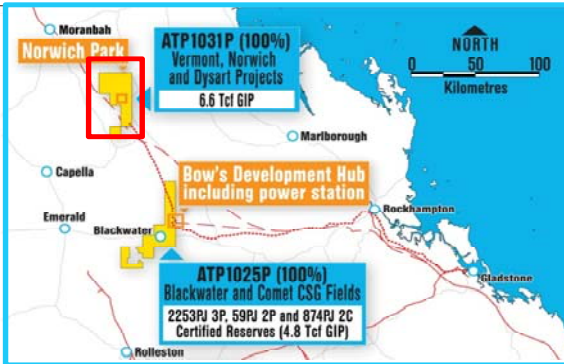
## Bow targeting continued reserves growth



Project (all 100% unless stated otherwise)	Current Certified Reserves/Resources			End 2011 Reserve Targets	
	2C Resource (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)	3P Reserves (PJ net to Bow)	2P Reserves (PJ net to Bow)
Blackwater CSG Field*	435	1,382	59	1,600	450
Comet CSG Field *	439	871	-	1,000	200
Vermont CSG Field	1,402	-	-	1,400	200
Norwich Project (drilling in Progress)	-	-	-	625	100
Dysart Project (commencing Oct '10)	-	-	-	625	100
Gunyah Project (ATP 1053)	-	-	-	600	100
Bandanna Project (ATP 805)	-	-	-	200	-
Don Juan Project (55%)	-	107	55	150	100
<b>Total Reserves (net PJ to Bow)</b>	<b>2,276</b>	<b>2,360</b>	<b>114</b>	<b>6,200</b>	<b>1,250</b>

\* 286PJ of 3P and 7PJ of 2P gas reserves included above is over land awaiting conclusion of native title processes which are in progress.

# 1,402PJ 2C resources certified at Vermont in Norwich Park Block



**Vermont CSG Field - 100% Bow**  
**1,402PJ 2C**  
 Primary target – Fort Cooper & Moranbah CM

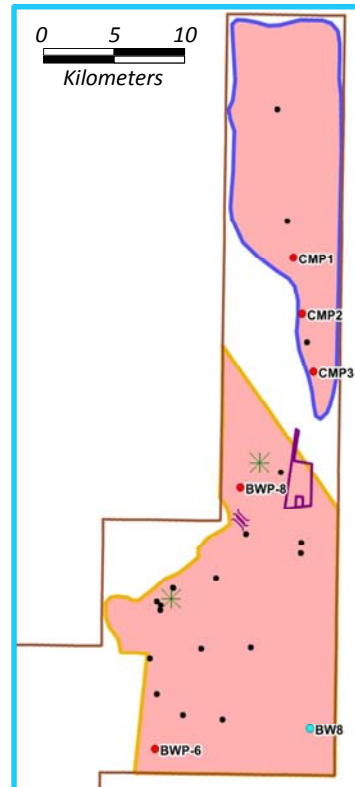
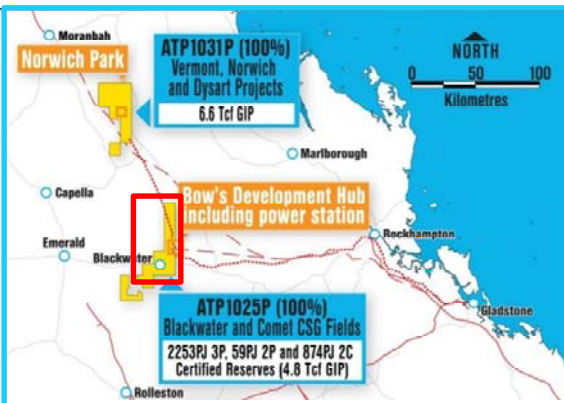
**Dysart CSG Prospect – 100% Bow**  
 Primary target - Rangal CM  
 Secondary target – Fort Cooper & Moranbah CM

**Norwich CSG Prospect - 100% Bow**  
 Primary target - Rangal CM  
 Secondary target – Fort Cooper & Moranbah CM

- Norwich Project
- Dysart Project
- Vermont Project
- Rangal CM Outcrop
- Regional Fault
- Proposed Core Holes
- Drilled Core Holes

Exploration results to date		
Well	Total net coal (metres)	DAF Gas Content (m3/t)
VM1	52	14-22
VM2	77	12-22
VM3	62	10-22
NW1	66	18-26
NW2	53	Data pending
NW3	38	Data pending

# Over 2,253PJ reserves at Bow 100% owned Comet Block



**Comet - 100% Bow**  
**871PJ 3P**  
**439PJ 2C**  
 (Certified in Rangal and Burngrove Coal Seams)

**Blackwater - 100% Bow**  
**59PJ 2P**  
**1382PJ 3P**  
**435PJ 2C**  
 (Certified in Rangal and Burngrove Coal Seams)

- Blackwater CSG Field
- Comet CSG Field
- Powerstation
- Test Wells
- Lateral Wells
- 4 Spot FRAC Pilot
- Existing Wells
- Drilled Core Holes

For and on behalf of the Board  
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**Competent Person Statements**

**MHA** - The estimates of gas reserve and resources for the Comet Block (ATP 1025P) and Don Juan CSG Field (ATP 771P) has been prepared by MHA Petroleum Consultants, LLC (MHA) in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers. The reserve statement has been compiled by Mr Timothy L Hower Chairman of MHA, together with personnel under his supervision. Mr Hower, who has over 28 years industry experience, and MHA have consented to the inclusion of the technical information contained in this announcement in the form and context in which it appears.

**MBA** – The estimates of gas in place estimates for the Norwich Park (ATP 1031P), Gonyah Block (ATP 1053P) and Bandanna Project (ATP 805P) has been prepared by Mr Doug Barrenger of MBA Petroleum Consultants Pty Ltd (MBA). Mr Barrenger has more than 25 years of experience in the petroleum industry and 10 years of experience in the coal seam gas industry.

**Bow** – Other technical information contained herein is based on information compiled by the Company's Chief Operating Officer, Vic Palanyk, who has more than 15 years experience in coal seam gas.

**\*CONTINGENT RESOURCES** are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality. Contingent Resources are further categorized in accordance with the level of certainty associated with the estimates and may be subclassified based on project maturity and/or characterized by their economic status.[Reference: Petroleum Resources Management System as sponsored by: Society of Petroleum Engineers (SPE), American Association of Petroleum Geologists (AAPG), World Petroleum Council (WPC), Society of Petroleum Evaluation Engineers (SPEE)]

### **About Bow Energy Ltd**

Bow Energy Limited (ASX:BOW) is an S&P ASX 200 Index Company. The company's primary business is the discovery and commercial production of coal seam gas (CSG) and conventional oil fields, with projects in several of Australia's producing basins.

The company is focused on expanding its CSG reserves, with eight CSG projects located within the highly prospective Bowen and Surat Basins of Queensland, and developing production for domestic and export natural gas customers.

The company has GIP potential across its CSG projects of over 13.8 Tcf and to date has certified net gas reserves of 2,360 petajoules (PJ) of 3P and 114 PJ of 2P. Bow is targeting 2011 year-end gas reserves of 1,250 PJ of 2P and 6,200 PJ of 3P.

Bow is currently developing the Blackwater Power Project, Bow's 100% owned 30 megawatt power station near Blackwater, central Queensland, which is scheduled for commissioning during first half of 2011.

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