LEADERSHIP

Mark Fabian
ASSET MANAGER ONSHORE WA

Mark joined AWE in 2008 following the merger with ARC Energy. Mark is responsible for the management, delivery and performance of AWE's onshore WA projects, including the shale gas and tight gas initiative.

Future Activities

UNCONVENTIONAL ENERGY

THE MOVE INTO UNCONVENTIONAL HAS PROVIDED POSITIVE RETURNS FOR THE COMPANY.

AWE recognised the potential of unconventional gas, particularly shale gas, and moved quickly to take advantage of being an “early mover” in the industry. In 2010, the Company acquired a 10% interest in the Sugarloaf Area of Mutual Interest, within the liquids rich Eagle Ford shale play in central Texas. At the same time, plans were made for the evaluation of the shale potential in acreage already held by AWE in the onshore Perth Basin, and, more recently, the Company has entered into joint study agreements with the Indonesian government to evaluate opportunities for shale gas exploration in onshore central Sumatra.

The investment in Sugarloaf has already yielded substantial value for AWE. Total 2P Reserves and 2C Contingent Resources for Sugarloaf have increased to 16 million BOE, with 64% in liquids, and recent transactions to acquire acreage in the area, unrelated to AWE, support valuations well in excess of the net $70 million purchase price paid by AWE for the asset.

During 2011-12, the Operator, Marathon Oil, commenced a major drilling program on the Sugarloaf acreage, with 29 wells drilled during the six months to June 2012, substantially increasing production. This drilling program is planned to continue through 2012-13 and AWE expects up to 60 wells to be drilled during the year. The Operator is also pursuing opportunities to add additional value to the acreage, particularly via infill drilling plans involving drilling wells on tighter spacing, effectively moving well spacing from the current development model of using 80 acre spacing to 40 acre and 60 acres spacing. If successful, the results could add substantial reserves and resources to the project during 2012-13.

AWE’s shale gas and tight gas exploration program in the onshore North Perth Basin commenced in July 2012 after regulatory approvals were obtained and site preparations were completed. During 2011-12, the Company worked closely with landowners, local communities and government regulators to provide open and transparent communications on the exploration plans and work program. The experience AWE has gained from its early involvement in Sugarloaf has been applied to the North Perth Basin program and the Company has now built an experienced technical and operational team.

Three wells are being tested during the North Perth Basin exploration program, with eight separate zones in tight gas and shale gas formations being hydraulically fracture stimulated. The initial results have been promising, with fracture stimulations being successfully completed in all zones and gas being recovered during initial well flow back and clean-up from each of the zones.

During the year, the Company expanded its interests in unconventional gas when it entered into joint study agreements over three areas in onshore central Sumatra in Indonesia. AWE is one of four companies involved in the country’s first evaluation of shale gas and the experience obtained from Sugarloaf and the North Perth Basin is being applied to the initial evaluation. The Company will be able to take advantage of its technical and management team in Jakarta and its industry relationships established over the six years operating in the country.