



## Monitor farms in to Cooper Basin oil and gas licence

### Key points:

- **Monitor Energy to acquire up to 75 per cent interest in Victoria Petroleum's PEL 115 in the Cooper Basin;**
- **PEL 115 has two drill-ready prospects, Fury (1.5 million barrels recoverable in the Jurassic and 22.79BCF in the Permian with additional oil potential) and Airacobra (1.28m bbls recoverable in the Jurassic);**
- **Monitor will fund the first well to earn 37.5% at an estimated cost of A\$2.0 million (dry hole costs); and has the option to increase its earning to 75% through funding the second well;**
- **Drilling of first well expected to commence mid-October;**
- **NPV A\$26M on the first two prospects and EMV A\$66M on remaining identified leads and prospects.**
- **Capital Raising underwritten by Patersons Securities**

Australian based resource company Monitor Energy Limited (ASX: MHL) ("Monitor" or the "Company") is pleased to announce it has today reached agreement with Victoria Petroleum NL (ASX: VPE) ("Vicpet") to acquire up to 75 per cent interest in Vicpet's Petroleum Exploration Licence 115 (PEL 115) in the onshore Cooper Basin in Australia.

Under the HOA, MHL will be paying 100% of the cost of the exploration well, Fury-1 earning a 75% interest in the 3D defined Fury Prospect and any associated Petroleum Production Licence, if granted post drilling, in the event of an oil discovery and the right to earn a 37.5% interest in all of PEL 115.

By paying 100% of the cost of drilling a second exploration well in PEL 115 on the Airacobra Prospect, MHL completes the earning of a 75% interest in all of PEL 115 and earns a 75% interest in the 3D defined Airacobra Prospect and any associated Petroleum Production Licence, if granted post drilling, in the event of an oil discovery. If the second farm in well is not drilled, MHL retains its earned interest in the Fury Prospect only.

**Net present value (NPV) = A\$26m on a US\$60 per barrel basis.**



The highly prospective licence PEL 115 (266km<sup>2</sup>) contains within it two separate production licences over the Mirage and Ventura oil fields, located in close proximity to the first two prospects: Fury is located 9.5Km from Ventura, 4.4km from Mirage, and 663m up-dip of the suspended oil well at Lightning-1 drilled in 2006, and Airacobra is located 2.9km from the Santos' Narcoonowie Field.

PEL 115 contains 30 follow-up oil and gas prospects that have been valued by the Company at over A\$66M estimated market value or EMV. The historical exploration success rate in the Basin is 45 per cent. PEL 115 is surrounded by producing oil and gas fields, thus increasing the chance of success. (*see attached maps*)

A drill rig is available and can be mobilised at short notice. Drilling is expected to begin by mid-October and is scheduled to take approximately two to four weeks, depending on testing and completion.

Vicpet will remain the operator of PEL 115 throughout the period of the farm-in and has a solid track record of drilling on budget and on time.

Monitor Energy Managing Director, Jon Roestenburg said "The farm-in to PEL 115 is an important opportunity for the Company. Monitor's entry into the Cooper Basin, the preeminent oil and gas producing basin in Australia is in line with our corporate strategy to develop a diversified energy portfolio including near and long term conventional oil and gas production and exploration, uranium and unconventional gas. "

"We're excited about working with Victoria Petroleum, an experienced operator and producer in the Cooper Basin, and the recipient of the RIU Good Oil 2009 Explorers Award, with gross production of 800+bopd," Mr Roestenburg said.

"PEL 115 is a well established area with high oil and gas production potential and close to the Moomba-Sydney gas pipeline (MSP), which is privately operated and has access capacity in the event of a commercial gas discovery."

The MSP is a 2,029km pipeline delivering natural gas from the Cooper Basin gas fields to New South Wales and the Australian Capital Territory.

Monitor and Vicpet are also in the early stages of discussion regarding a possible farm-in to Petroleum Production Licence 213 (PPL 213), which includes the producing Mirage Oil Field.

The farm-in to PEL 115 is conditional only on the completion of due diligence, which is expected very shortly, and the completion by the Company of appropriate funding arrangements.



Monitor's corporate adviser, Patersons Corporate Finance is assisting the Company with a fully underwritten capital raising associated with the PEL 115 Project. Details of the Capital Raising will be advised in due course.

"This farmin significantly enhances our asset portfolio which includes international oil and gas exploration licences in the Kyrgyz Republic. As well as its conventional oil and gas potential the Cooper Basin is an emerging unconventional gas region that includes coal seam methane, shale oil and stratigraphic accumulations. The Company's forward work program will pursue these opportunities in the near term," Mr Roestenburg said.

For more information please contact:

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#### **About Monitor Energy**

Monitor Energy Limited (ASX: MHL) is an Australian based resource company with high quality petroleum and uranium projects in Kyrgyzstan.

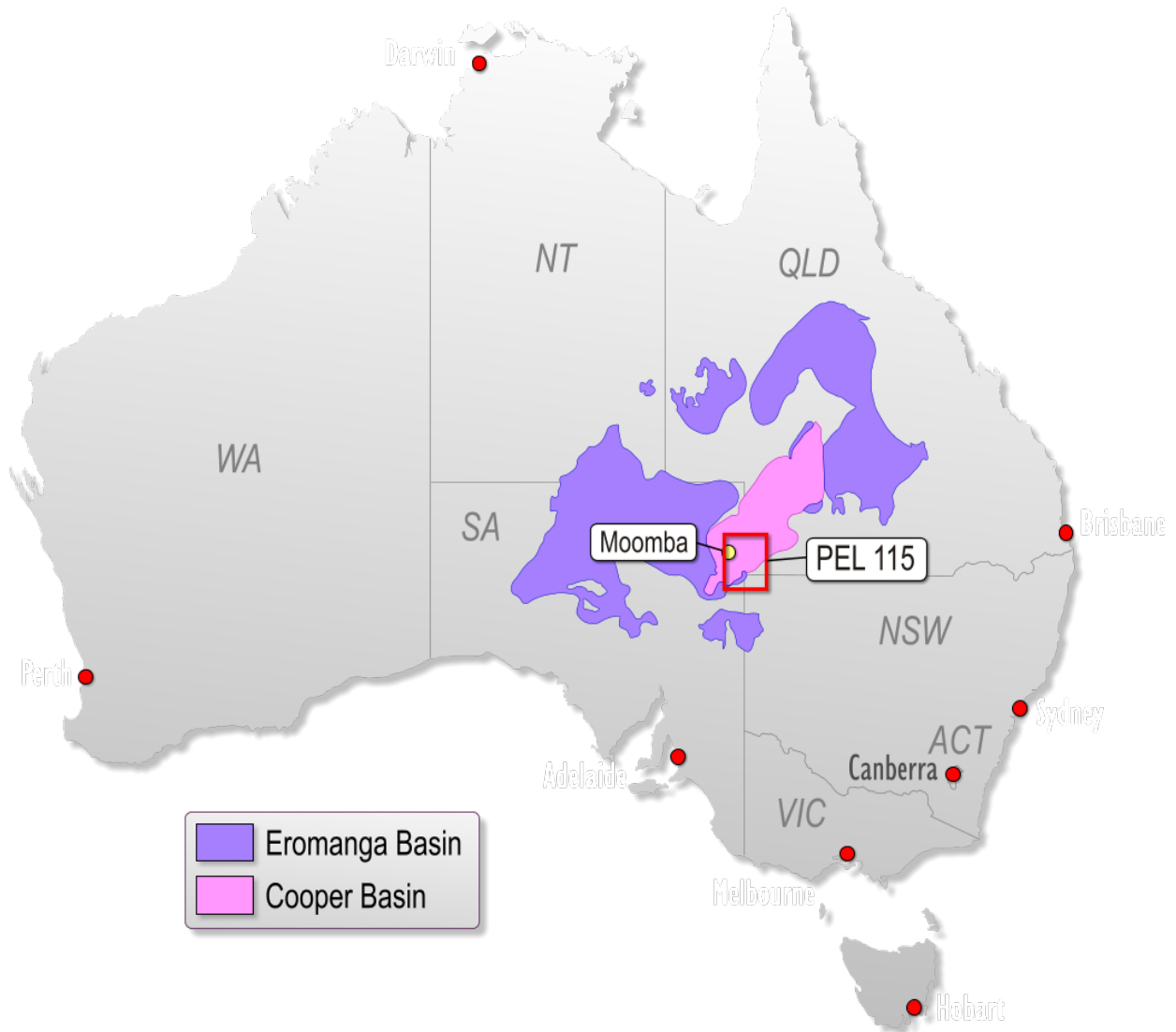
The Monitor Energy petroleum licences totalling over 6,000km<sup>2</sup> are located in the north of the country adjacent to Lake Issyk-Kul and in the south of the country near At Bashi. Technical work on these licences has identified gravity-modelled structures at depth, oil seeps and coincident magnetic telluric anomalies. Early generation oil wells containing oil and gas shows were drilled off structure during the 1960s and these structures are an integral part of the Company's early drilling strategy after seismic data acquisition and interpretation.

The uranium licence is in central Kyrgyzstan at the Kavak Mining centre, on strike with high-grade deposits mined by Russia and supplying its nuclear industry with uranium in the mid 1960's. The latter licence area is known as the Kashkasu Deposit and is the focus of current fieldwork.

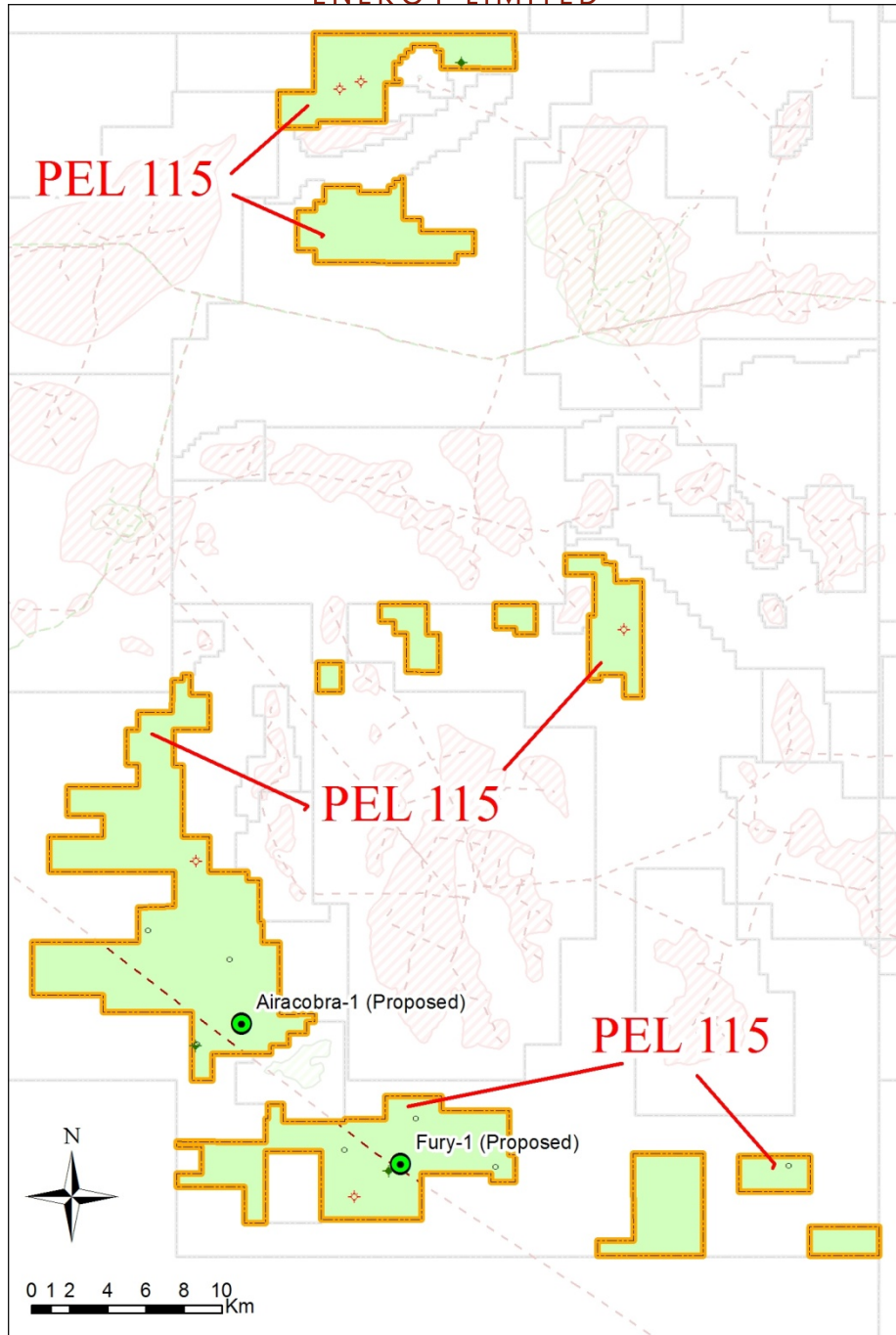
Website: [www.monitorenergy.com.au](http://www.monitorenergy.com.au)

#### *Person Compiling Information about Hydrocarbons*

*The information and potential reserves within this announcement are compiled by Mr Jon Roestenburg and are the company's estimate of undiscovered 2P reserves. Mr Roestenburg BSc. GBQ. MLM, CC is the company's Managing Director with 35 years of industry experience as a practicing petroleum geoscientist and is a member of the American Association of Petroleum Geologists.*



**Figure 1 PEL 115 licence area within the Cooper Basin and overlying Eromanga Basin, Australia**



**Figure 2: Location map showing excised oil and gas producing licences (light hashed areas) in close proximity to PEL 115 exploration licence areas (in green).**