
ASX Announcement (ASX: NSE)



NEW STANDARD
ENERGY

Date: 29 October 2014

New Standard Energy completes Cooper Basin farm-out agreement with Santos Ltd

New Standard Energy Limited (**New Standard**) is pleased to announce that it successfully completed its farm-out agreement with Santos Limited (**Santos, ASX: STO**) for an equity stake in its joint venture PEL 570 Project in the Cooper Basin, South Australia.

In return for an operated 35 per cent interest stake in the PEL 570 Project, Santos has paid the \$7.5 million cash consideration to New Standard. In addition, Santos has agreed to meet 75 per cent of New Standard's remaining expenditure commitment associated with New Standard's \$42.5 million earn-in obligations – of which approximately \$0.3 million has been spent to date.

The farm-out agreement has also satisfied all required regulatory government and statutory obligations.

The overall farm-out benefit to New Standard equates to \$39.15 million. New Standard's ongoing Project expenditure commitments, allowing for the cash consideration received, equate to as little as \$3.05 million, while retaining a meaningful 17.5 per cent working interest in PEL 570.

New Standard Energy Managing Director Phil Thick said he was pleased the requirements had been completed to formalise Santos role as a joint venture partner, alongside Drillsearch, to its Cooper Basin acreage.

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For further information, please contact:

Phil Thick
Managing Director
Ph: + 61 8 9481 7477
Email: pthick@newstandard.com.au

Cameron Morse
FTI Consulting
Ph: +61 8 9485 8888
Email: cameron.morse@fticonsulting.com



About New Standard: New Standard Energy is an onshore hydrocarbon producer, developer and explorer with a commitment to develop and realise the oil and gas potential of the most prospective shale and tight gas basins across the US and Australia.

The Company's exploration and production program is active and extensive. It is underpinned and complemented by targeted corporate activity to take advantage of opportunities and to build an extensive pipeline of prospective projects. New Standard's Board has substantial technical and commercial experience in the oil and gas sector.

The Company operates in four primary basins: Eagle Ford, Texas, USA; Cooper, South Australia; and the Canning and Carnarvon, Western Australia.

The Eagle Ford acreage is a development and production project. It contains seven existing production wells, in the oil window of the Eagle Ford shale, which are currently producing and generating revenue that provides monthly cash flow to the Company. New Standard is currently drilling and evaluating additional wells.

The Cooper Basin Project is later stage exploration and development, to take advantage of existing infrastructure and the domestic and export opportunities available in the Australian East Coast gas market.

The Canning and Carnarvon Projects are frontier basins, providing New Standard's investors with exposure to high risk, high reward exploration.

New Standard benefits from a strategic alliance with its major shareholder, the US-based Magnum Hunter Resources Corporation, to efficiently develop the Atascosa Project in the Eagle Ford; to develop the Cooper Basin; and to explore in the Canning and Carnarvon Basins. The Company's portfolio includes:

Texas, USA

Atascosa Project

- Operated working interests ranging from 35.4% to 100% across 5,585 net acres in the Eagle Ford shale, onshore Texas

Colorado Project

- 32.5% non-operated working interest, Colorado County, onshore Texas

South Australia

Cooper Basin Project

- 17.5% non-operated interest in the PEL 570 acreage area, Cooper Basin, South Australia

Western Australia

Southern Canning Project

- 100% operated interest in exploration permits (EPs 443, 450, 451, 456), Southern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-006, STP-EPA-007 and STP-EPA-010), Southern Canning Basin, Western Australia

Laurel Project

- 100% operated interest in exploration permit EP 417, Northern Canning Basin, Western Australia
- 100% operated interest in exploration permit application areas (STP-EPA-0092 and STP-EPA-0109), Northern Canning Basin, Western Australia

Merlinleigh Project

- 100% operated interest in exploration permits (EPs 481 and 482), onshore Carnarvon Basin, Western Australia

In addition to the above portfolio, New Standard has an 11.8% equity interest in ASX listed Elixir Petroleum (**ASX: EXR**) and has formed a strategic alliance with Magnum Hunter Resources Corporation (**NYSE: MHR**) to deliver expertise and corporate growth. New Standard is also continuing to actively assess other opportunities to complement and expand its exploration portfolio.