

17 April 2013

## **ALLEN DOME DISCOVERY WELL FLOWING AT 408 BARRELS OF LIQUIDS PER DAY**

### **HIGHLIGHTS:**

- JT Reese #S2 discovery well at Allen Dome oil field in Texas now in production
- Current flow rate 408 barrels of liquid per day (25% oil ratio) on 18/64 choke
- Potential to increase storage tank and flowline capacity to handle higher oil production being considered
- First shipments of oil have begun from the new well
- Strong cashflow anticipated
- Planning underway for aggressive follow up drilling programme
- Advanced negotiations continue for further Allen Dome acreage acquisitions



***Titan Energy is already trucking oil from JT Reese #S2 to a local refinery.***

Australian oil and gas company **Titan Energy Ltd** (ASX: TTE) (Titan Energy or the Company) is pleased to announce an exploration success at its Allen Dome oil field in Texas, USA.

### **JT Reese #S2 well, Allen Dome Project, Texas**

Following the installation of a gravel pack covering a 17 foot perforated section, a well head and new flowlines, the JT Reese #S2 well is now flowing oil to storage tanks at a rate of 408 barrels of liquids per day approximate ratio of 25% oil 75% water with some gas, as of 12pm Houston time, on a 18/64 choke. The oil to water ratio is expected to improve over the next several days as some load water is being produced

during initial production. (Approximately 500 barrels of load water was introduced into the well to help control flow during the gravel back installation and oil production is expected to increase once this water has exited the well).

“This is an excellent result for Titan Energy and its shareholders. High value, light oil from JT Reese #S2 is already being loaded into tankers for trucking to local refineries, and will bring very strong cash flow into the Company,” Titan Energy’s US Managing Partner, John McKnight, said.



***Titan Energy’s US Operations Manager John McKnight Jr. inspects the high value, light oil produced at JT Reese #S2 during the initial attempt to install a gravel pack in the well.***

“We are very excited about our success to date and the tremendous upside we believe there is to be followed up at Allen Dome. We are now incorporating the results from our field activities with historic drilling and newly reprocessed 3D seismic data, to map out a follow up drilling campaign on the back of our success at the JT Reese #S2 well,” Mr McKnight said.

### **Strong flow**

The start-up of production of oil from the JT Reese #S2 discovery was initially delayed due to difficulties in completing the gravel pack due to the initial flows from the well.

After the first attempt to complete the gravel pack in the well was halted, the Company was finally successful in completing its installation after several attempts in the late hours of Saturday, April 13 (US time). The well was then flushed and prepared for production testing.

Initial testing of the well over a 2 hour period on Monday April 15 (US time) flowed approximately 30 to 35 barrels of liquids per hour. Titan Energy's US team is working to manage production from the well due to the limited storage tank capacity on hand to handle production at that level.

The Company expects to produce the well with a smaller choke to restrict production to a rate of approximately 300 barrels of liquids per day while it ascertains whether it will require additional production handling capacity to be installed in the field. After the well was choked back it was successfully flowed for 24 hours to allow the Company to continue production testing.

"The Company will continue to monitor well pressure and conduct other tests before it can provide the market with an accurate, stabilised flow rate. We will also carefully assess whether we will be in a position to increase the flow rate.

"Importantly, the results to date are ahead of our pre-drill expectations and demand further follow up drilling."

Titan Energy has entered into initial discussions with external consultants on the potential to obtain a reserves estimate for the JT Reese #S2 discovery, once the well has been in production for several months.

The Company also continues to seek further opportunities to build on its already dominant position in the potentially company-making Allen Dome area.

Over the past few months it has:

- Increased its Working Interest (WI) in the Northern flank of the Allen Dome (where the JT Reese #S2 discovery is located) from 84% to approximately 94%;
- Increased its WI in the 344 acres it holds on the Southern flank of the field from 87.5% and
- Entered into advanced negotiations for other potential acquisitions in the Allen Dome area.

The Company is currently waiting on final permitting for the proposed drilling of its next well at Allen Dome, Poole #1, to be located on the Southern flank of the oil field.

Spudding of Poole #1 is being targeted for June 2013 with current planning for the exploration well to be drilled to a depth of 5,200' to test three primary objectives.

Another 4 potential drilling targets have been initially identified in the Poole tract on the Southern flank of the Dome.

## **ABOUT TITAN ENERGY**

Western Australian-based Titan Energy Ltd (ASX: TTE) is a global oil and gas explorer with growing interests in Australia and the United States.

Titan Energy is part of a global industry that has an important role to play in improving the living standards of current and future generations through meeting the global demand for petroleum in a socially responsible manner.

It holds a 100% interest in onshore North Perth Basin permit DR11 where it is currently drilling and an 18.5% interest in North Perth Basin permit EP455, where AWE has farmed in.

The Company has also built up a significant onshore presence in the USA with completed agreements to:

- Acquired additional Working Interest (WI) in 344 gross acres on the Southern flank of the Allen Dome Salt Dome in Brazoria County, Texas;
- Acquire an approximate 94% WI in 276 acres of productive acreage on the Northern flank of the Allen Dome;
- Farm-in for an 80% Working Interest (WI) in the 1360 acre Sodbuster Prospect in Logan County, Colorado;
- Acquire a 50% interest in the “ready-to-drill” approximately 129 acre Greathouse Prospect, plus an option over an additional 123 acres, within the South Lake Charles oil and gas field in Louisiana;
- Acquire 441 acres in the Kinmundy Prospect area in the Illinois Basin; and
- Acquire approximately 17,000 acres of prospective shale properties in the US state of Nevada.

The Company continues to review additional projects that satisfy the Company’s strategic objectives.

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**Competent Person’s Statement:**

Information in this report that relates to Hydrocarbon Reserves and or Resources is based on information compiled by Mr John McKnight, US Managing Partner of Titan Energy Ltd who has consented to the inclusion of that information in the form and context in which it appears. Mr McKnight has over 20 years experience in the application of engineering to the petroleum industry

in oil and gas exploration and production, as either an employee or consultant to oil companies operating in the petroleum industry. Mr McKnight reviews the Company's operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the petroleum industry. He is also a Professional Member of the Society of Petroleum Engineers.