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ASX: TTE

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## TITAN ENERGY US ACTIVITY UPDATE

### HIGHLIGHTS:

- Two Allen Dome North well recompletions scheduled to begin by month end
- Four Allen Dome exploration wells planned for fourth quarter
- Plans in place to spud exploration well at Sodbuster II Project in Q4
- Sidetrack planned for Louisiana well
- Initial two well exploration program being planned for Illinois Basin Project
- Targeting potential total production increase of 270 bopd from Allen Dome plus an additional 325 boe/d from other projects.
- Other projects currently under review.

Australian oil and gas company **Titan Energy Ltd** (ASX: **TTE**) (Titan Energy or the Company) is pleased to provide an update on its activities in the USA.

### ALLEN DOME PROJECT - TEXAS

Subject to rig and equipment availability, Titan Energy is preparing to re-enter two historic wells by the end of Quarter 3, 2012 in the Allen Dome North Project area, which it currently holds an approximate 84% WI. Titan Energy is still reviewing the legal title opinion on this area in relation to the remaining 16% WI.

Titan Energy is aiming to recomplete the Reese #5 well in the 2,650 feet Sand and the Reese #2a well in the 2,587 feet Sand. The Company is targeting production increases of approximately 30 barrels of oil per day (bopd) and 40 bopd, respectively, from the new work in the two wells, which are currently shut in or producing at minimum levels.

Titan Energy is also well advanced with planning for the drilling of four exploration wells at Allen Dome, where it holds a range of working interests in the proven hydrocarbon producing Texan salt dome acreage.

Subject to rig availability, the Company is aiming to spud the first of the new wells at Allen Dome North, Titan Reese #1, in early October. The well's primary target is the "Last Sand" at a depth of approximately 5,200 feet with a potential production rate, if successful, of approximately 50 bopd.

At Allen Dome South Titan Energy is also preparing to drill further low-risk exploration wells, Titan Poole #1, #2 and #3. Subject to rig and equipment availability, the Company is planning to spud those three wells on a regular basis, beginning in mid-October and running through to the end of Q4. The three Titan Poole wells are targeting production totalling 150 bopd or more.

Titan Energy has identified the exploration wells and recompletion targets following assessment of new 3D Prestack Depth Migration (PSDM) data and historic well logs.

The Company's Managing Director, Steve Thomas, said the drilling program promises to provide the Company with some early and strong cash flow.

"While the initial production levels we are looking at may seem moderate, at the crude oil price we have negotiated, the cash flow from this new production would provide the Company with a great rate of return on a minimal total drilling cost outlay estimated at under US\$1.9 million," Mr Thomas said.

Titan Energy's US-based team has negotiated to be paid for its crude output at US\$7 below the Brent crude price (currently US\$112).

#### **SODBUSTER II PROJECT AREA, COLORADO**

Titan Energy is also pleased to report that it is well advanced with its plans to drill the initial test well at its Sodbuster II Project area in Colorado.

Subject to rig and equipment availability, Titan Energy plans to begin its Sodbuster II program early in Quarter 4, 2012 with the spudding of the Hettinger #1 exploration well. Hettinger #1 will target the "J" Sand at an estimated depth of 5,000 feet and target initial production of 75 bopd with a potential 6 to 7 well development programme to follow.

#### **SOUTH LAKE CHARLES PROJECT, LOUISIANA**

Titan Energy's active US plans also includes a proposal to sidetrack the historic Jordan Schultz #1 well in Louisiana. Scheduled to get underway in late Q4, subject to rig and equipment availability, the sidetrack is targeting potential production of 300 barrels of oil equivalent per day (boe/d). The Company currently has a 50% interest in this project.

#### **KINMUNDY PROJECT, ILLINOIS**

Titan Energy is also planning to drill exploration wells in the Kinmundy project in Marion County, Illinois in early 2013.

The Ritter #1 and Carpa Sands #1 exploration wells are both currently planned to be drilled to a depth of 3,650 feet to test the Carpa Sand at their respective locations. The two low cost wells have been estimated to each have the capacity to achieve initial

production levels of 50 bopd with the potential for a follow-up multi well development programme.

“Once again, for a very minimal outlay, Titan Energy is on target to receive some quite significant cash flow, with plenty of upside still available in our newly acquired projects in the USA,” Mr Thomas said.

“Titan Energy is proving that it is now an active operator in the US with activities at Allen Dome, Sodbuster II, South Lake Charles and Illinois Basin.”

#### **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.

The Company is actively searching for oil and gas in the highly prospective onshore Perth Basin in Western Australia and in proven international hydrocarbon producing areas.

Titan Energy’s Warradarge Seismic Survey in North Perth Basin permit DR11 has been used to define the location of two wells proposed for drilling by the Company in 2012.

Titan Energy is also participating in a Joint Venture with AWE which has farmed in for an 81.5 per cent equity share in an area known as Eneabba South (EP455) in the North Perth Basin.

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

- Acquire an 87.5% interest in 344 gross acres on the southern side of the Allen Dome Salt Dome in Brazoria County, Texas;
- Acquire an approximate 84% working interest 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 110 acre Greathouse Prospect, plus an option over an additional 173 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 satisfies 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 Stephen Thomas, Director of Titan Energy Ltd who has consented to the inclusion of that information in the form and context in which it appears.

Mr Thomas has over 30 years' experience in petroleum geology and in oil and gas exploration and production, both in Australia and internationally, as either an employee or consultant to oil companies operating in the upstream petroleum industry. Mr Thomas reviews the Company's operations with the help of various professional consultants, appropriately qualified and experienced in their respective fields within the upstream petroleum industry. He is also a member of AusIMM, a fellow of the Royal Geological Society of London and has a BSc (Hons) in geology from the University of South Wales.