COLORADO COUNTY PROJECT UPDATE: PRELIMINARY DRILLING PROGRAM AGREED
[ASX: NSE]

Highlights

- Substantial preliminary drilling program agreed. Six well program to commence December 2009
- Yegua, Wilcox and Edwards/Sligo prospects to be targeted over the next 6-10 months
- Very large Edwards/Sligo prospect (Woppa) identified in 3D area
  - 350 Bcf potential at the Edwards reef level
  - 250 Bcf potential at the Sligo reef level
- Attractive Wilcox targets continue to emerge and New Standard in advanced discussions with AKG regarding additional sizeable Wilcox opportunities
- 3D seismic interpretation has identified 70+ targets to date in the Colorado County Project, providing ongoing prospect inventory

A drilling program of six wells in the next 12 months has been planned for New Standard Energy’s [New Standard] exploration acreage in the United States, after recent 3D seismic interpretation revealed more than 20 Wilcox prospects.

Drilling of the most prospective and lower risk Yegua prospect as the first target is scheduled to commence within the next two months.

New Standard bought a 32.5% working interest in the Colorado Country Project in the onshore Texas Gulf Coast region of the USA in April 2009 – an acquisition based on the region’s prolific oil and gas production from multiple reservoirs, and proximity to pipeline infrastructure.

Recent 3D seismic interpretation undertaken by project partner AKG Energy (AKG) has delineated 20+ Wilcox prospects out of a total of more than 70 prospects identified to date in New Standard’s Colorado County Project.

Wilcox prospects, which dominate the Colorado County geology and production, provide fields in the immediate vicinity of up to 300 billion cubic feet (Bcf) of gas and 13 million barrels (mmb) of oil (refer Figure 1 below).

“Recent 3D interpretation has confirmed New Standard’s Colorado County Project now offers both low risk, low cost prospects, as well as more substantial, deeper prospects with the potential for significant resources,” New Standard Managing Director Sam Willis said.

“With more Wilcox targets, and confirmation of the emergence of a very large, deeper Edwards and Sligo reef prospect, New Standard is well placed to build a substantial portfolio in the Colorado County over the next 12 months.
"We also continue to progress our plans for revisiting the Lawford-1 well in the Canning Basin in the second half of 2010 to finish drilling the 500 Bcf+ target which when combined with the impending US drilling, means plenty of exciting activity is ahead for New Standard shareholders."

The first drilling of a Wilcox prospect has been scheduled for January 2010. The 3D seismic interpretation indicates the W1 prospect to be drilled has potential resources of 7.2 Bcf of gas and 100,000 bbls (100mb) of oil. Typical Wilcox flow rates observed from analogous surrounding wells are up to 3mmcf of gas and 200 bopd.

Preliminary Drilling Program Details

The joint venture parties (New Standard 32.5%, Burleson Energy 38% and the AKG group 29.5%) have agreed to a preliminary drilling program that encompasses 1 Yegua well, 4 Wilcox wells and the intended drilling of the Edwards/Sligo targets. The program is scheduled to commence in December 2009.

The current program is set out in the table below which delineates the prospect size and intended well timing and highlights specific targets that the joint venture intends to pursue. All drilling will be undertaken on a “heads up basis” ie: parties will contribute to the drilling costs unpromoted and according to their working interest at the time.

<table>
<thead>
<tr>
<th>Month</th>
<th>Well</th>
<th>Reservoir</th>
<th>Depth (feet)</th>
<th>Total Cost D&amp;C (US$)</th>
<th>Potential Gas (bcf)</th>
<th>Potential Oil (mb)</th>
<th>Typical Flow Rates per day</th>
<th>Working Interest</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dec 2009</td>
<td>Y1</td>
<td>Yegua</td>
<td>5,000</td>
<td>0.6m</td>
<td>1.4</td>
<td>-</td>
<td>0.3 – 1.3mmcf</td>
<td>32.5%</td>
</tr>
<tr>
<td>Jan 2010</td>
<td>W1</td>
<td>Wilcox</td>
<td>12,500</td>
<td>2.5m</td>
<td>7.2</td>
<td>100</td>
<td>3mmcf and 200bopd</td>
<td>32.5%</td>
</tr>
<tr>
<td>Mar 2010</td>
<td>W2</td>
<td>Wilcox</td>
<td>11,500</td>
<td>2.5m</td>
<td>100</td>
<td>2,400</td>
<td>3mmcf and 200bopd</td>
<td>TBA(1)</td>
</tr>
<tr>
<td>May 2010</td>
<td>W3</td>
<td>Wilcox</td>
<td>11,500</td>
<td>2.5m</td>
<td>7.2</td>
<td>210</td>
<td>3mmcf and 200bopd</td>
<td>32.5%</td>
</tr>
<tr>
<td>Jul 2010</td>
<td>W4</td>
<td>Wilcox</td>
<td>11,500</td>
<td>2.5m</td>
<td>11.4</td>
<td>333</td>
<td>3mmcf and 200bopd</td>
<td>32.5%</td>
</tr>
<tr>
<td>2H 2010</td>
<td>E1</td>
<td>Edwards</td>
<td>20,750</td>
<td>13.0m+</td>
<td>350+</td>
<td>-</td>
<td>6-15mmcf</td>
<td>32.5%(2)</td>
</tr>
</tbody>
</table>

Notes:
1. New Standard is in advanced negotiations with AKG involving the Wilcox prospect W2 in the above program which lies outside the current project area. New Standard anticipates being in a position to finalise these discussions and negotiations in the near future and further information will be provided when appropriate
2. New Standard is likely to farm-down its interest in this well given the high cost nature of the drilling
3. More than 1 well is likely to be required to develop some of the larger prospects in the above table
4. The above program is preliminary in nature and based on current intentions and as a result remains subject to change

Given New Standard’s current cash position of $6+ million, and the current intention to farm-down some of its interest in the deeper Edwards and Sligo wells, the above drilling program can be funded out of existing cash reserves, even assuming no income from successful wells.

"The impending commencement of the initial drilling campaign on the Colorado County Project marks an exciting time for New Standard, particularly given the recent increase in gas prices to back over US$4.50/mcf and oil to above US$70/bbl which provides additional financial encouragement" Mr Willis said.
The larger targets identified by the 3D seismic offer the potential for significant oil and gas resources and the emergence of the substantial Edwards reef (350 Bcf) and Sligo reef (250 Bcf) targets at depth validate New Standard’s decision to acquire its 32.5% working interest in the project in April this year.

“The potential upside through the larger targets present at the Wilcox level and deeper in the immediate surrounding areas and regional trends was always a driver for New Standard’s investment and the 3D seismic interpretation and resulting targets for the drilling program support our initial decision.

“When the large Edwards and Sligo prospects are combined with the meaningful Wilcox targets to be drilled in the coming year it creates a great platform of activity for New Standard shareholders.”

**Wilcox Prospects**

The Wilcox sands are the main producing reservoir in Colorado County. The Colorado County Project area is surrounded by Miocene, Frio, Yegua and Wilcox fields in sandstone reservoirs. The bulk of production comes from the Wilcox, with accumulations up to 300+ Bcf and 13mmb liquids (primarily condensate). This is evidenced in the map below:

![Figure 1: Colorado County Project 3D seismic area (blue) together with immediately adjacent 3D seismic area (green) highlighting the highly prolific nature of the Wilcox fields immediately surrounding the project area](image)
Trapping mechanisms in the Wilcox are both structural, generally fault related, and stratigraphic. Structural traps also frequently have a stratigraphic component. Since late 2006 in the immediately adjacent 3D survey, all of the Wilcox discoveries (of which there have been 4) and subsequent development wells (of which there have been 2) have been in strongly stratigraphic traps covering several hundred acres.

In the new 3D survey area AKG has identified more than 20 Wilcox leads and prospects, most of which are in stratigraphic traps at the same stratigraphic level as the recent discoveries in the immediately adjacent 3D survey area.

The prospects identified on New Standard’s 3D area range in size from ~100 acres to greater than 1,000 acres, with expected ultimate recoveries ranging from 2 Bcfe to greater than 100 Bcfe. The first of these Wilcox prospects will be drilled in early 2010 following the completion of the first well in the program, targeting a smaller and lower risk Yegua prospect. AKG continues to option and lease in the area to build on an already strong acreage position.

**Edwards and Sligo reef structures: The "Woppa" Prospect**

The Edwards and Sligo reef structures form a very large play that is currently being pursued by large E&P companies in the US. The map below shows the distribution of large to very large fields (occurring in the reef margins and associated facies) in Edwards and Sligo reservoirs. The trends of both margins extend through Colorado County where they deepen into Austin County to the northeast.

Figure 2: Regional depiction of the Edwards (Stuart City) and Sligo shelf margin trend running through Colorado County and into the New Ulm (Edwards) field in Austin County to the northeast, highlighting the very large Word Field along strike in adjacent Lavaca County

[Adapted by New Standard from Source: (Waite, 2009)]
AKG has identified very large Edwards and Sligo reefs in structural closure within the Colorado County 3D area. As can be seen from the schematic diagram below, the two reefs are stacked meaning it is feasible to test both targets with one vertical well bore.

Both of these reefs and associated facies extend over several thousand acres, with 350 Bcf potential in the Edwards reef, and 250 Bcf potential in the Sligo reef. The Edwards objective is ~2,000’ deeper than the New Ulm (Edwards) Field in the adjacent Austin County.

Preliminary discussions with the other joint venture parties in the project have indicated that good potential exists to seek a large farm-in partner for this program. New Standard may seek to farm-out some of its interest in this opportunity given the deep nature of the prospects and high associated drilling costs. Current intentions are to progress this opportunity with a view to drilling it in the second half of 2010.
For further information, please contact:

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Competent Person: The information in this announcement is based on information provided to New Standard Energy by AKG Energy LP (an onshore US operator with in excess of 30 years experience) and Burleson Energy Ltd and reviewed by Dr Mark Hagan (BSc Hons, PhD) who is a Petroleum Geologist and Geophysicist with more than 35 years experience in the industry. Dr Hagan is Technical Director of New Standard Energy and consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

About New Standard: New Standard is an emerging oil and gas exploration company listed on the ASX (ASX: NSE). New Standard currently has cash resources of approximately $6m and is well funded to progress its oil and gas exploration portfolio focused on the Canning Basin in Western Australia and Colorado County in Texas which is comprised of the following:

- 100% operated interest in EP’s 443, 450, 451, 456 in Western Australia’s Canning Basin
- 65% operated interest in EP417 in the Canning Basin
- 32.5% working interest in the Colorado County Project, onshore Texas USA
- First right of refusal over future farm-out of Canning Basin permits EP442 or 442A by Buru Energy

In addition to the above New Standard has indirect exposure to a broad acreage position in the Canning Basin through a liquid 10% equity interest (18m shares) in listed Canning Basin explorer Buru Energy Ltd (ASX: BRU) and is actively assessing other opportunities to complement and expand its portfolio.