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Comet Ridge Limited

**29 July 2013**

## June 2013 Quarterly Report

### Highlights:

- **Mahalo Field pilot scheme brought on-line early in the quarter and produced gas to surface from two wells**
- **Construction and Commissioning concluded at Mira Field pilot scheme, and brought on-line late in the quarter**

During the quarter, Brisbane based coal seam gas explorer Comet Ridge Limited (ASX:COI) maintained its operational focus on the Company's Queensland assets and in particular, the Mahalo gas project in the Bowen Basin. The Mahalo Joint Venture commissioned and commenced dewatering at both the Mahalo Field and Mira Field pilot schemes during the quarter. The objective of the Mahalo Block pilot programme is to establish commercial gas rates which will allow the joint venture to book gas reserves.

### Australian Permits

#### **ATP 337P Mahalo – Bowen Basin, Qld (Comet Ridge 35%)**

The Mahalo Joint Venture made significant progress during the quarter with both the Mahalo Field and Mira Field pilot schemes commissioned and de-watering commenced. These pilot programmes are a key component in the Joint Venture plan to book gas reserves across a large part of the Mahalo project area. Having two independent pilot schemes operating concurrently significantly increases the likelihood of achieving a commercial gas rate for establishing reserves, and also allows the Joint Venture to gather valuable data on optimal well completion design for field development.

Drilling of the Mahalo pilot wells demonstrated that the coals in these areas are highly productive. At the time of drilling, permeabilities in the hundreds of millidarcys were measured in the Mahalo Pilot and Mira Pilot areas.

With the Mira Field pilot scheme now operational, the initial water rates observed from Mira were in line with the high productivity seen when the wells were drilled in January this year. A scheduled well shut-in for pressure build-up surveys has also been conducted. Build-up data from the Mira Field has confirmed the generally high productivities seen during testing when the wells were initially drilled.

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These wells are now being progressively brought back on line to continue de-watering of the coal seams except for the Mira 3 well, which remains off-line due to a downhole pump failure experienced during start-up of pumping operations. This well will require a work-over to restore the bottomhole assembly before pumping operations can commence on Mira 3.

Preliminary analysis of data from the Mahalo Field pilot scheme confirms that productivities seen in the pumping wells are lower than that measured when the wells were drilled in 2012, with remedial work involving a work-over rig required to restore the productivity of these wells. The Joint Venture is finalising plans for a work-over and assessing rig availability to undertake the stimulation work. In other areas of Queensland, Bowen Basin coals can be sensitive to completion fluids and in these areas stimulation, such as cavitation, is routinely applied to restore well productivity.

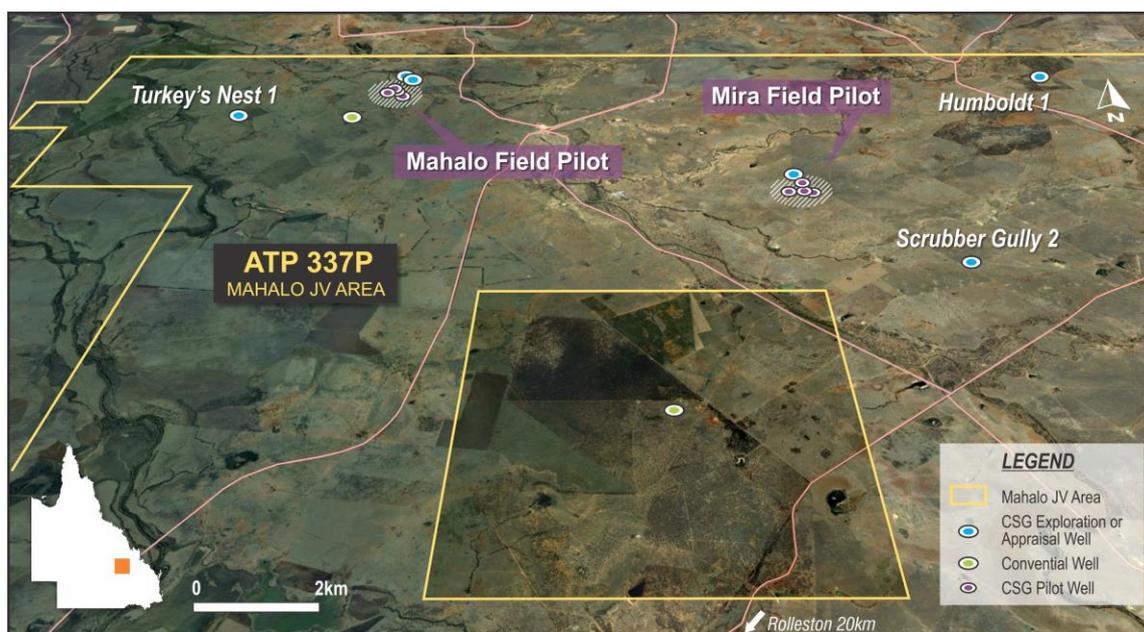
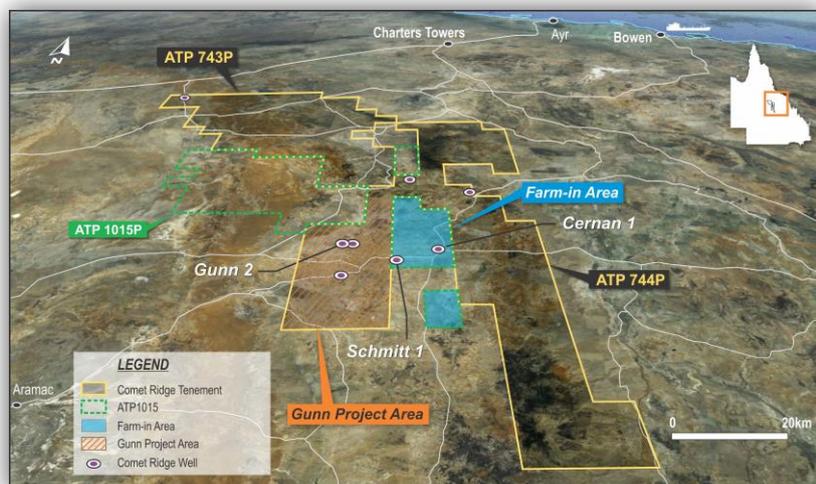


Figure 1 – ATP 337P Mahalo

**ATP 743P and ATP 744P – Galilee Basin, Qld (Comet Ridge 100%)**  
**ATP 1015P Farm-in Area – Galilee Basin, Qld (Comet Ridge 20%)**

### Gunn 2 well Extended Production Test

The long term production testing of the Gunn 2 well completed during the quarter, as the major objectives of the production test had been met over the course of the previous quarter. Planning for a field water trial, to evaluate water treatment options has continued.



This trial will aid in forming the basis of design for a pilot scheme in the Gunn Project Area with the intention of achieving independently certified gas reserves, which would be available for power generation, LNG or domestic gas markets.

Figure 2 – ATP 744P Gunn Project Area and Farm-in Area

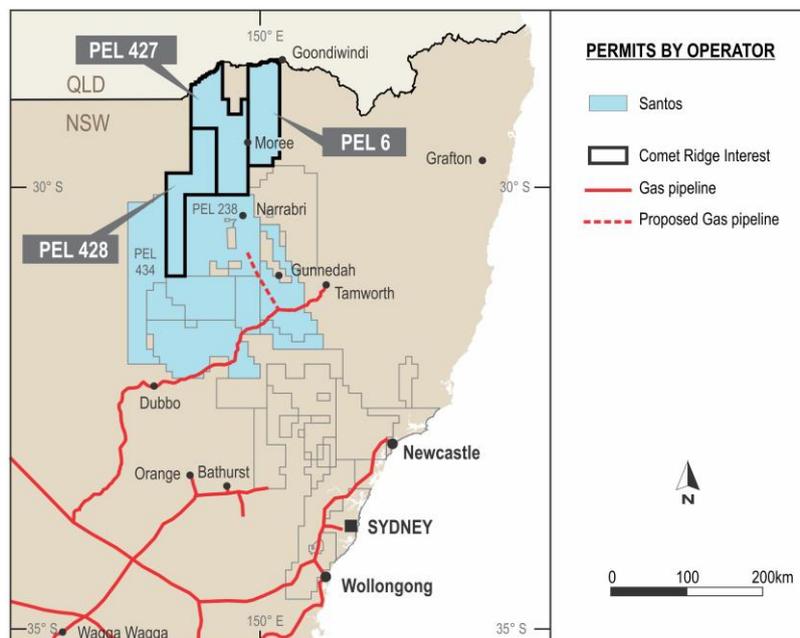
## Gunnedah Basin, NSW (Comet Ridge CSG equity: PEL 427: 50%, PEL 428: 60%, PEL 6: 22.5%)

The Strategic Regional Land Use Policy (SRLUP) was released in September 2012 by the NSW Government after an extensive period of consultation during which over 2000 submissions were received and over 1100 people attended public forums and information sessions. Notwithstanding the extensive consultation (and time taken) in generating the SRLUP, the NSW Government announced further policy changes during the March 2013 quarter, which were a surprise to the industry.

Comet Ridge has been working with Joint Venture partner and Coal Seam Gas (CSG) Operator, Santos, to renew its Gunnedah Basin permits and plan the work programme for 2013 and beyond. To date, PEL 427 has been extended for a period of three years and extensions are currently being processed for PEL 428 and PEL 6.

The Company has identified a number of Permian-aged troughs throughout its acreage position and believes that several of these may contain large volumes of recoverable gas, which is evidenced in the Bohena Trough just to the south of PEL 427.

In 2012, Comet Ridge announced that it had signed an Asset Sale Agreement to acquire further interests in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in northern New South Wales for \$750,000. This transaction was completed during the quarter and further consolidates Comet Ridge's position in the northern Gunnedah Basin.



These three contiguous licences are located in the northern Gunnedah Basin, immediately north and west of Santos' Narrabri CSG Project in the Bohena Trough, and cover a total area of approximately 18,000 km<sup>2</sup>. Comet Ridge currently holds between 22.5% and 60% CSG interest across these licences and between 97.5% and 100% conventional oil and gas equity across these permits and is the conventional gas operator. Santos operates the CSG interest.

*Figure 3 – Gunnedah Basin position*

## USA Interest

### Comet Ridge Resources LLC (Comet Ridge 12.1%)

Comet Ridge Resources has commenced a multi-well de-risking program on its acreage position in SE Colorado. The company has drilled three wells to date; two have been completed and are undergoing initial testing. A fourth well is currently drilling. An existing old well was re-entered and converted into a water disposal well and water handling facilities have been built and commissioned.

Six drilling permit applications have been submitted in Montana. Drilling is expected to commence late in the third quarter.

## New Zealand Permits

**PMP 50100 Greymouth Block – West Coast (Comet Ridge 100%)**

**PEP 50279 Buller Block – West Coast (Comet Ridge 100%)**

Discussions on renewed terms for PMP 50100 have been agreed with NZ Petroleum and Minerals, which includes a 20 year permit term.



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## COMET RIDGE LIMITED - OVERVIEW

Comet Ridge Limited has significant Coal Seam Gas (CSG) projects in key regions of Queensland, northern New South Wales and New Zealand, as well as oil and gas interests in the United States. Gas resources have been certified, by independent professional certifiers, at four projects. The company is listed on the Australian Securities Exchange (ASX Code: COI) and is based in Brisbane. The Board and Management are experienced in establishing and developing energy projects.

### Corporate Strategy

Comet Ridge has gained early entry into well-located exploration areas, allowing shareholders to gain substantial leverage into the upside value potential associated with exploration success.

Comet Ridge conducts CSG exploration and appraisal, with the aim of maturing exploration acreage from Gas Resources into Proven and Probable Gas Reserves. This process initially involves drilling wells in order to certify Prospective and Contingent Resources and then through further appraisal via Pilot Projects, with the intention of progressing into certified Reserves.

Where possible, Comet Ridge takes high equity positions in its large exploration permits, including a 100% interest in two blocks in the Galilee Basin and two blocks in New Zealand. Comet Ridge has 35% equity in the ATP 337P Mahalo block in the Bowen Basin, and CSG equity of 22.5%, 50% and 60% respectively in PEL 6, PEL 427 and PEL 428 in the Gunnedah Basin in New South Wales.

### Work Programme

Comet Ridge has an active exploration and appraisal work plan for CSG projects in eastern Australia. Pilot production has commenced in two pilot schemes in ATP 337P Mahalo, with additional exploration and appraisal work planned for 2013.



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