



6 March 2015

## Mahalo 7 horizontal well project operational update

- **Lifting of water from the vertical intercept well continues with pump speed gradually being increased**
- **Continuous gas flow from the vertical intercept well has commenced**

Coal seam gas explorer and developer Comet Ridge Limited (ASX:COI) is pleased to provide an operational update on the progress of the Mahalo 7 horizontal surface to in-seam well project. This well was drilled during the fourth quarter of 2014 in the ATP 337P Mahalo Block in Queensland's Bowen Basin.

The Mahalo 7 surface to in-seam horizontal well was positioned inside the existing vertical pilot wells. It was drilled past the Mahalo 3 vertical well, on a path to intersect the down dip Mahalo 6 vertical well. Mahalo 6 is currently being utilised as the production well to lift the water and gas from the Mahalo 7 horizontal well (see Figure 1). The coal reservoir is at a depth of approximately 230 metres with a coal seam thickness of approximately 8 metres.

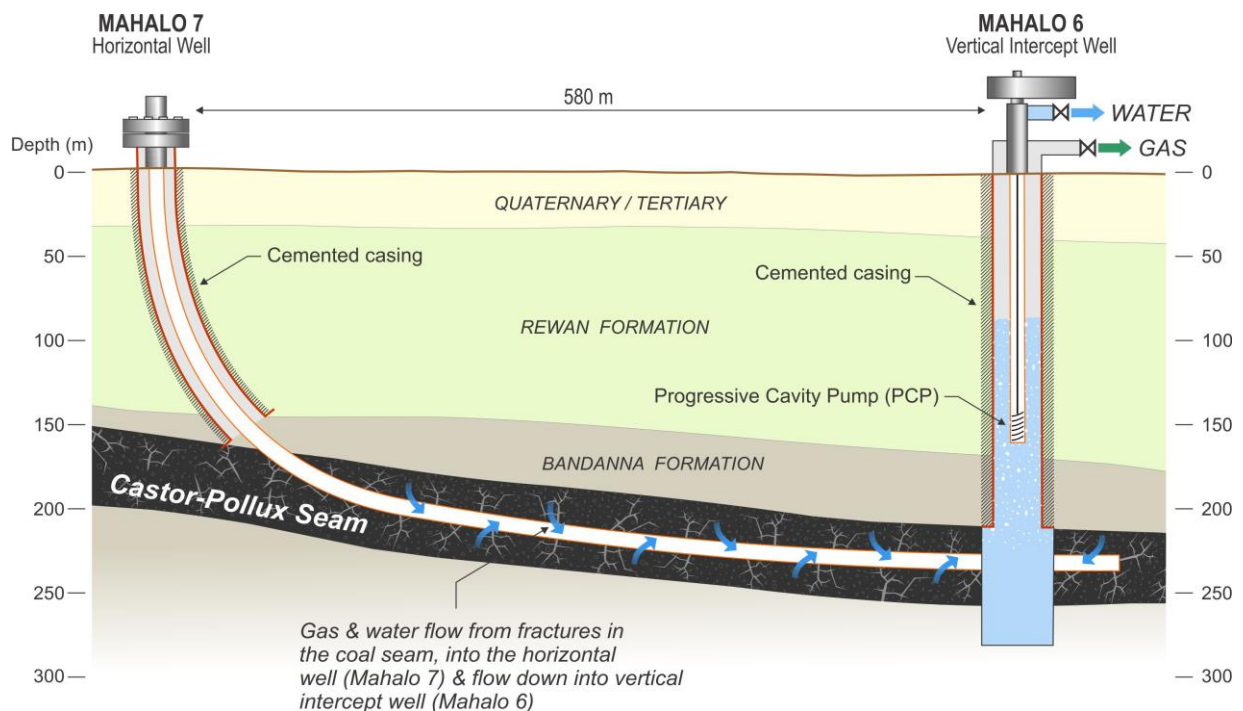


Figure 1 – Mahalo 7 horizontal in-seam well path

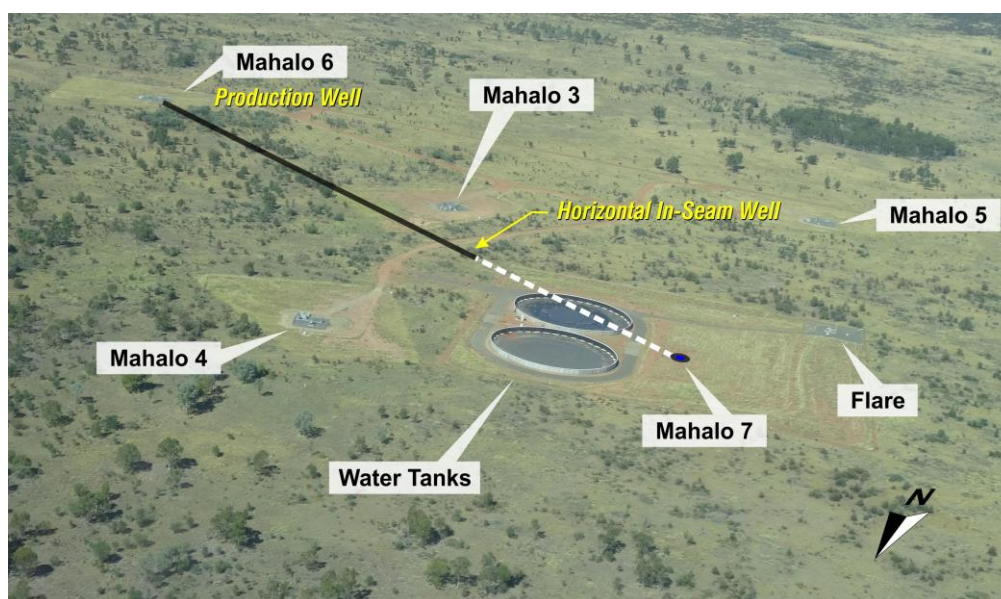
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ASX CODE: COI

Gas and water production from the horizontal well section in Mahalo 7 is currently reaching surface via the vertical intercept well, Mahalo 6 with the Mahalo 7 wellhead currently shut-in. The pump installed in the tubing inside Mahalo 6, just above the coal seam, was initially started at a low speed in order to commence water lifting.

Over recent weeks the pump speed has been gradually increased. While small flows of gas were observed for short durations during pumping operations on Mahalo 6, more sustained gas flows have now been observed over the past week. Comet Ridge is encouraged that gas flows are now being continuously recorded in the vertical Mahalo 6 well. The joint venture is currently investigating an option to install a flow and flare skid at the Mahalo 7 horizontal wellhead, which would enable water to continue to be produced from the down-dip Mahalo 6 vertical well, whilst gas could concurrently be produced from the Mahalo 7 horizontal well.

Figure 2 details the positioning of the horizontal Mahalo 7 well in relation to the other vertical wells within the Mahalo pilot scheme.



*Figure 2 - Mahalo pilot layout and path of Mahalo 7*

The Mahalo block sits approximately 240km west of Gladstone in central Queensland. Comet Ridge received its first independent reserves certification for the Mahalo Block, which was detailed in a release to the ASX on 29 August 2014.

Equity participants in ATP 337P Mahalo are Comet Ridge Mahalo Pty Ltd (40%), Australia Pacific LNG Pty Ltd (30%) and Santos QNT Pty Ltd (30%).

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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 and gas reserves were certified in 2014 at the Mahalo project in Queensland. 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 a block in New Zealand. Comet Ridge has 40% 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, focused on the conversion of contingent resources to reserves.



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