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Operating Company Farms into Kentucky Fractured Shale Project

Agreement has been reached with Kentucky based oil and gas company Hay Exploration Inc, to farm-in and operate Norwest's Kentucky fractured shale gas project.

Under the agreement, Hay will earn a 10% interest in the production unit for each well drilled on a well by well basis by contributing goods and services during the drilling, completing and equipping of each well. Initially the agreement covers the drilling of 3 wells, the first of which should spud within 45 days, subject to rig and crew availability. The legal title search for each well location in the initial 3 well program has been completed and well site preparations are currently underway. The wells will be drilled to approximately 2,000 feet (610 metres) and are expected to cost in the order of US\$140,000 completed.

Hay Exploration is a family owned and operated company which has been active in the Kentucky Appalachian area for four generations. Hay is well regarded in the industry and has considerable experience in operating producing oil and gas wells in the Appalachians.

Norwest is earning a 70% interest in the Kentucky project from Golden Triangle Energy Inc (GTE) by paying the costs of the first three wells and carrying Golden Triangle through this initial drilling program. After assignment to Hay and taking into account royalties, Norwest's net revenue interest (NRI) in the project will be 52.6%.

Norwest along with its joint venture partner GTE, currently holds approximately 13,000 acres under lease in Carter County, Kentucky.

Norwest's CEO, Joe Salomon said that this third project was a significant and important addition to Norwest's Appalachians position.

"Hay Exploration is a small but very experienced, successful and cost conscious operator. It has direct experience in drilling and production activities in the Appalachians and has developed very good relationships with other operators in the area and the service companies. Norwest is very pleased to have finalized this agreement with Hay and looks forward to the results of the first three wells."

Norwest's interests in this project will be held through its wholly owned subsidiary NWE (Appalachians) LLC.

Norwest's other Appalachians projects include the recently completed 5 well program in Tennessee (Norwest 37.5%, NRI 29%) where the first well flowed gas at a stabilised rate of 110,000 cubic feet per day and where another 4 wells have been drilled and are awaiting fracing and testing. In a third project in West Virginia, 3 wells will be drilled within the next few months (Norwest 29%, NRI 24%).

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