



NEW STANDARD
ENERGY

ASX Code: NSE
ACN 119 323 385

CONTACT DETAILS

Level 3, 33 Richardson Street
West Perth WA 6005
PO Box 1542
West Perth WA 6872

Tel: (08) 9481 7477
Fax: (08) 9486 7670

E: info@newstandard.com.au
W: www.newstandard.com.au

BOARD OF DIRECTORS:

Ian Paton
Chairman

Sam Willis
Managing Director

Mark Hagan
Technical Director

Mark Clements
Company Secretary

ISSUED CAPITAL
at 31.12.10

190,252,849 Shares

23,700,000 Unlisted Options

MARKET CAPITALISATION

\$39m
(last @ 20.5c per share)

CASH ON HAND
at 31.12.10

\$4.4m

INVESTMENT IN BURU





\$9.54m (@ 53c per share)

Quarterly Activities Report





October to December 2010

HIGHLIGHTS


Australian Exploration

-  13,000km aerial gravity acquisition program over Goldwyer Project completed
-  Technical work continues on potential unconventional hydrocarbon plays in the Canning
-  Geochemical sampling program completed for Merlinleigh Project, onshore Carnarvon Basin, Western Australia
-  Focus remains on partnering to progress the Australian portfolio

United States Exploration

-  Heintschel #1 fraced and turned to sales
-  D. Truchard #1 well successfully drilled and completed for production
-  Heintschel #2 well successfully drilled and completed for production
-  Joann #1 well about to be tied into production

Corporate Activities

-  Expiry of various options at 31 December 2010

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES

New Standard has continued to progress its understanding of all its three major Australian projects to enhance the diversified portfolio it currently owns and operates. The three major projects are all focused on the exploration of unconventional hydrocarbons – in particular tight gas, shale gas and liquids rich shale gas opportunities. The portfolio comprises one of the largest land holdings in Australia for a junior explorer and presents a diversified basket of exposure for both shareholders and potential partners seeking exposure to the growing unconventional energy sector. The tight gas and shale gas sectors continue to grow at phenomenal rates globally and activity and interest is beginning to increase here in Australia as well – as evidenced by the recent global interest in our Goldwyer Project and the increasing exploration efforts from other ASX listed entities seeking to capture value from the opportunities in this emerging sector.

New Standard has assembled a large and highly prospective land holding in Western Australia which has an attractive domestic gas market and a growing and open export market for LNG. Our focus remains firmly on progressing the Australian projects and having large project equities means New Standard is well positioned to seek and secure progressive partners through potential project dilution to assist with exploring and developing our portfolio of projects.

Goldwyer Project, Canning Basin (New Standard 100% operated)

EP's 443, 450, 451, 456 and application areas 1/09-0, 2/09-0 and 5/09-0

New Standard successfully completed the acquisition of in excess of 13,000 line km of new aerial gravity data across EPs 443, 450, 451 and 456 during the December quarter. The aerial gravity acquisition took approximately 10 weeks to complete, and the data will now be integrated with the existing gravity and magnetic dataset across the region to form a complete dataset across the permits. The completion of this work has now satisfied the work commitments for permit year 2 across all these permits.

AUSTRALIAN EXPLORATION PORTFOLIO & ACTIVITIES (cont'd)

The acquisition of this new aerial gravity data represents the first exploration undertaken in this portion of the Canning Basin for many years and will result in a modern regional dataset to enhance the regional understanding of the Kidson sub-basin which hosts the majority of the Goldwyer shale gas project. This new data is expected provide valuable insights into the geological settings in the region and assist with the location of potential shale gas wells for the intended drilling campaigns from 2011 onwards.

An initial pilot study was completed during the quarter which confirmed the potential to map the depth and thickness of the Goldwyer formation using a combination of gravity, magnetic and seismic data sets. Based on these encouraging initial results, discussions are now underway with expert consultants in relation to interpretation of a broader section of the regional dataset using the modern techniques applied in the pilot study, with a view to engaging the successful tenderer early in the 2011 calendar year.

Additional technical studies also continued during the quarter to enhance the understanding of the emerging potential for an unconventional "wet gas" play across the Kidson sub-basin that could be analogous in nature to the Eagleford shale being aggressively pursued in southern Texas. Although still early days, it is clear that potential exists for a liquids rich unconventional resource play to be present in the Nita formation that immediately overlies the Goldwyer formation. Additionally, portions of the Goldwyer formation itself could potentially be present in a wet gas window across the vast acreage held by New Standard and further studies are being conducted into historical drill core/logs and maturity data along with seismic interpretation work across the basin to enhance the play further. Additional basin modelling work is also being considered to enhance the maturity profile and regional understanding of both the Goldwyer and Nita formations.

The formal partnering process on the Goldwyer was drawn to a conclusion during the December quarter following a decision to undertake further studies and in house work to maximise shareholder value before committing to an exploration partnership. Technical uncertainties arising from the early stage, underexplored nature of the permits and the limited technical database were highlighted by the very large companies participating in the process as the major reason for not progressing at this stage - despite acknowledgement from participants in the process regarding the attractive potential of the play. Consistent with New Standard's view, the potential commerciality of any gas resources in this part of the Canning Basin did not appear to be a major concern.

New Standard is now revisiting the partnering process and will continue to focus on securing a partner to progress the Australian assets as a major priority in the first half of 2011.

Laurel Project, Canning Basin (New Standard 65% operated; Buru 35%)

During the quarter New Standard continued to re-assess EP417, including the Lawford-1 well, in light of the potential of the Laurel formation to host shale gas and tight gas resources in the region. The testing of the Laurel sands and shales in BRU's Yulleroo-2 well during the quarter provided some additional positive momentum. Discussions continued with joint venture partner BRU during the quarter and conceptual plans were formulated to revisit the Lawford-1 well in Q3, 2011, subject to the availability of service providers willing to bring equipment into the Canning Basin - in particular suitable drilling rigs and to a lesser extent frac crews.

New Standard has also received approaches from interested parties in relation to EP417 and further discussion will be considered in relation to these approaches.

Merlinleigh Project, Carnarvon Basin (New Standard 100%)

The geochemical sampling program forming the initial work commitments under the conditions of the SPA's was completed during the quarter. The sampling work involved the collection of approximately 600 samples and the closing report and interpretation of this work is currently being finalised.

The sampling program has provided some encouraging results that support the hydrocarbon prospectivity of the region and in particular some of the primary areas of interest identified by New Standard. Once finalised, the report will be lodged with the DMP following which New Standard intends to make an application to exercise its acreage options to apply for exploration permits.

Following the impending exercise of acreage options on the back of the SPA work, focus will be firmly on progressing native title discussions in an effort to reach agreement as quickly as possible. In this regard, native title discussions continue to be progressed with the traditional owners and liaison groups with a view to New Standard reaching agreement and seeking a granted permit(s) in 2011.

Approaches were received from interested parties in relation to the Merlinleigh Project during the quarter and whilst none of these have been progressed to date, further consideration will be given to partnering opportunities as and when they arise.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES

The December 2010 quarter was busy with the frac of the Heintschel #1 well being completed in October and the well turned to sales. This was shortly followed by the commencement of the initial appraisal drilling program on the Heintschel field in an effort to ascertain more information about the potential field size and to increase production if possible. The appraisal program involved the drilling of two wells to test the broader Heintschel field being the D. Truchard #1 well and Heintschel #2 well. Both wells were drilled and completed with Heintschel #2 spudding prior to Christmas and being completed after the quarter end. A brief well summary is provided below:

Brasher #1 (New Standard 32.5%)

This low cost well has been producing from a shallow Yegua reservoir since mid May 2010. During the December quarter it produced 24,672 thousand cubic feet (mcf) of gas. At the end of the quarter the well was shut -in with remedial work being undertaken.

Heintschel #1 (New Standard 32.5%)

Drilled in April 2010, this well encountered a much thicker gas column over 230 feet (~70m) in the primary reservoir target of the Wilcox sands. The well produced naturally for a period of 6 weeks into a sales pipeline while awaiting fracture stimulation (fracking) and was subsequently shut-in to prepare for the frac, which occurred on 26 October 2010.

Following the frac the well was turned to sales and flowed at commercial rates. As at the end of December 2010, the well had produced a total of 98,899 mcf of gas and 4,232 barrels of condensate with 81,480 mcf of gas and 3,818 barrels of condensate produced during the quarter. Average rates for December 2010 were 1.324 million cubic feet (mmcf)/day gas, 56 barrels /day condensate and 420 barrels/day water with the production rates lower than initially anticipated due to the larger than anticipated influx of water.

Since late October, the US based operator AKG has been adjusting the flow conditions for the well to maximise gas and condensate production. The main challenge to the well performance has been the relatively high volumes of liquids (condensate plus water) being produced. Based on the log interpretations two sands with gas-water contacts had been intersected in Heintschel #1 - one above and one at the very base of the reservoir interval.

Further remedial work is currently being undertaken to help determine the source of the water, and although it appears likely that the water bearing sands adjacent to the primary reservoir sands have been fraced into, a definitive source of the water remains unclear. The additional work involves perforating additional gas sands and reviewing methods to minimise the water production in an effort to enhance the gas and condensate production from the well. Results of this additional work will be assessed and further updates provided in due course.

D.Truchard #1 (New Standard 32.5%)

The D.Truchard #1 well is located ~3km from the Heintschel # 1 gas condensate discovery and was planned as an appraisal well in the Heintschel field in Colorado County, Texas. The D.Truchard #1 was spudded in late November and drilled to a total depth of 12,000 feet (3658m) and gas shows were recorded while drilling the lower part of the hole.

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES (cont'd)

Evaluation of the well including electric logging logs indicated that hydrocarbons are present in over 300 feet (~90 metres) of the target Prairie Bell Wilcox sands and that there are several zones of interest above and below the Prairie Bell. Log interpretation indicated there are no gas/water contacts evident throughout the major reservoir sand package – a view supported by additional independent consultants engaged to assist the joint venture. Analysis also suggests that the sands encountered in D.Truchard #1 are at a higher stratigraphic level than the Heintschel #1 well and the D. Truchard #1 came in structurally higher than the pre drill prognosis – both positive indications for the potential completion of the well. As a result a decision was made by the joint venture to frac and complete the D.Truchard #1 well for production.

The information gathered from the Heintschel #1 well was used to assist design the frac for D. Truchard #1 in an effort to minimise the potential impact of water influx into the well bore. The well was successfully fraced post the end of the quarter and further information will be provided once the frac fluids have been recovered from the well and sufficient time has elapsed for the initial well performance and flow rates to stabilise and be more clearly understood.

Heintschel # 2 (New Standard 32.5%)

The Heintschel #2 is an appraisal/development well located 0.37km from the Heintschel # 1 gas condensate discovery. The Heintschel #2 well was planned as an appraisal well targeting the main gas condensate sands encountered in the Heintschel #1 discovery well but in a structurally higher (updip) location. It was spudded in late December and drilled to a total depth of 11,900 feet (3627m) and gas shows were recorded while drilling the lower part of the hole. The main shows appear to correlate to gas condensate charged reservoir sands in the Heintschel #1 discovery well.

Electric logging of the Heintschel #2 well was as expected and confirmed the presence of hydrocarbons in the target Prairie Bell sands that were in line with pre-drill expectations, as well as identifying additional potential in sands located lower in the bore hole below the primary reservoir target. Log interpretation indicated there are no gas/water contacts evident throughout the major reservoir sand package – a view also supported by additional independent consultants engaged to assist the joint venture. As a result a decision was made by the joint venture to frac and complete the Heintschel #2 well for production.

The information gathered from the Heintschel #1 well was used to assist design the frac for the Heintschel #2 well in an effort to minimise the potential impact of water influx into the well bore. The well was successfully fraced post the end of the quarter and further information will be provided once the frac fluids have been recovered from the well and sufficient time has elapsed for the initial well performance and flow rates to stabilise and be more clearly understood.

Joann #1 (New Standard 33.7%)

The Joann #1 well was discovered in July 2010 and is expected to be brought on production around the end of January 2011. Prior to being shut-in awaiting connection to a sales pipeline the well was tested. One of four prospective zones identified by logging in Joann #1 was perforated and flowed gas at 2.1 million cubic feet of gas per day and approximately 38 barrels of condensate per day.

Heintschel Field Appraisal

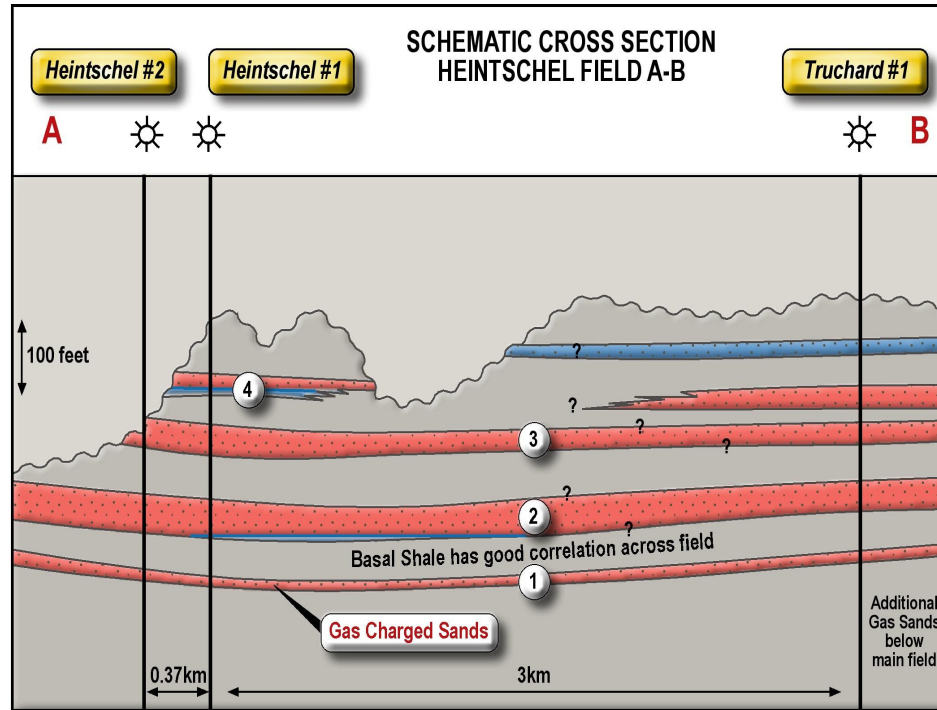
Based on a volumetric reservoir analysis following the Heintschel #1 well, operator AKG estimated potential Heintschel recoverable volumes with a mid case basis of 59bcf gas and 1m bbls condensate of potential recoverable resources (see table below)

UNITED STATES EXPLORATION PORTFOLIO & ACTIVITIES (cont'd)

Heintschel Field : Potential Recoverable Resources (Source : AKG Energy)

Category	Potential Recoverable Gas (BCF)	Potential Recoverable Condensate (mmbc)	Potential Number of
Low Case	25.6	0.465	4-8
Mid Case	58.9	1.07	6-16
High Case	87.7	1.6	12-24

To enable the JV partners to firm up resource and determine reserve numbers for the field (as well as seek additional revenues from gas and condensate production) it was decided to focus, in the short term, on Heintschel appraisal and development drilling, resulting in the D. Truchard #1 and the Heintschel #2 appraisal wells being drilled. Both wells encountered the primary reservoir target sands over impressive intervals and as a result were completed for production. These results from the recent drilling and log interpretations have confirmed the confidence in the 3D seismic mapping and provide confirmation regarding the potential hydrocarbons in place in the region (refer below).



The results of the D. Truchard #1 and Heintschel #2 wells and the outcome of flow tests and well performance over a period of time will be an important determinant for the forward program in the US.

CORPORATE

During December the Company relocated its offices to Level 3, 33 Richardson Street West Perth.

During the Quarter a total of 250,000 unlisted options with various exercise prices expired at 31 December 2010 without being exercised.

Competent Person: The information in this announcement in relation to the Colorado County Project is based on information provided to New Standard Energy by AKG Energy LP 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.