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Indus Gas Limited

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Indus Gas Limited
("Indus" or "the Company")
Operational Update

Indus Gas Limited (AIM: INDI.L), an oil & gas exploration and development company with assets in India, is pleased to provide, in advance of Investor Meetings, an update on its operations in Block RJ-ON/6.

Highlights:

- Hydro-fracturing of Indian Shingli well in the B&B formation
- Drilling on Eastern Promise progressing well to target depth
- Spudding of new well as planned - Tirath-1
- New Well - Sandwich -1 ready for spudding as planned
- Further progress on SGL Field Development - on target for first production in Q2 as intended

Operations Update:

The Company now has four deep drilling rigs dedicated to Block RJ-ON/6. Each of the rigs is

currently positioned as follows:

- Indian Shingli-1 - hydro-fracturing operations
- Eastern Promise-1 - drilling
- Tirath-1 - drilling
- Sandwich-1 - ready to spud

Indian Shingli-1 hydro-fracturing operations

The Indian Shingli-1 well was the Company's first well aimed at specifically assessing the tight gas play within the Baisaskhi/Bedesir (B&B) formation, reaching a depth of approximately 5,351m and having intersected a 650m interval in this sequence.

Schlumberger commenced fracturing of the Indian Shingli-1 well in December 2009 and, after a series of operations, a 12 meter zone at a depth of between 3950 and 3962 meters was successfully fractured with gas flowing to surface in several test sequences.

The frac stimulation was designed to be a pilot (being the first fracture stimulation of this formation in this basin) with the aim of obtaining a better understanding of the pressure and flow rate required for the gas to flow freely to the surface. The Company has succeeded in injecting fluid into the formation at 18,036 psi (surface pressure of 12,300 psi) (Frac gradient of 1.38) at which pressure a free flow of gas was obtained.

The results of the fracturing process will be known after the completion of the final stage, well flow back, which is currently underway, and detailed analysis. Progress and indications made to date, however, are encouraging and as such the Company intends to pursue tight gas as a key new play within the block through a multi well and multi zone hydro-fracturing campaign in 2010.

To undertake this campaign, the Company has secured new fracturing equipment capable of delivering higher pressures (surface pressure of 20,000 psi) and higher flow rates.

The B&B formation, located in the western part of the Block, is generally characterised by tight rock with low porosity and permeability but having extensive hydrocarbon shows during drilling. To achieve a better flow rate, this type of formation generally requires hydro-fracturing to allow the gas to flow freely from the fractured area.

Eastern Promise Well

As previously reported, drilling on the Eastern Promise well is continuing towards target depth within the B&B formation, with the aim of further assessing the potential of the tight gas play within the block. The well is currently at a depth of 4,354m.

Spudding of Tirath-1 Well

Indus spudded the Tirath-1 well recently as planned. The aim of the well is to test the Pariwar and B&B formations in the north west of the Block. The well is currently at a depth of 1,736 meters.

Sandwich-1 Well

The Company is now ready to spud the Sandwich-1 well. Drilling is planned to commence on or around 27 January 2010. Sandwich is intended to test the Pariwar and B&B formations in the central portion of the Block.

SGL Field Development

The Company has made significant progress, with all key plant and equipment required to deliver first gas in Q2 2010 having been ordered and soon to be shipped to India. The distribution pipeline from the field to the end user, which is GAIL's responsibility, is also progressing well.

The Company intends to make the first drawdown under the recently agreed \$110m debt facility in February 2010.

Commenting, Marc Holtzman, Non-Executive Chairman, said:

"Indus has undertaken a technically challenging frac simulation in one of the deepest wells in the region in order to test the potential of the deeper tight gas play within the block. The hydro-fracturing of the well produced gas to surface in several test sequences. While the well flow back is still under progress, and results would be known after detailed analysis, the Company is encouraged by the results so far and will be continuing to pursue tight gas as a vital new play within its block.

As planned, the Company has recently spudded the Tirath-1 well and is also ready to spud the Sandwich-1 well. Significant progress has been made also on Phase-1 of SGL Field Development.

Looking ahead, 2010 will be a turning point in the growth of the Company with several new milestones being achieved, including the commencement of gas production".

In accordance with AIM Guidelines, Paul Fink, Technical Consultant, a Geophysicist who holds an engineering degree from the Mining University of Leoben, Austria and has 18 years of industry experience is the qualified person that has reviewed the technical information contained in this press release.

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