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## ASX Announcement/Media Release

### **AJ Lucas partners with Xtreme Coil to deliver continuous coiled tubing drilling to Australia**

AJ Lucas Group Limited is pleased to announce it has entered into a joint venture with North American drilling company, Xtreme Coil Drilling Corp, to deliver innovative drilling methodologies to the Australian coal seam gas industry.

Xtreme Coil designs, builds and operates proprietary dual-purpose drilling rigs using continuous coiled tubing with zero connections, as well as conventional jointed pipe. The company is listed on the Toronto Stock Exchange, and conducts drilling operations in the US, Mexico and Saudi Arabia.

Penetration rates with coil achieve up to 420 metres per hour compared with a maximum of 120 metres per hour using conventional pipe drilling.

Drilling with continuous coiled tubing also has many other benefits including:

- Improved safety as drilling is automated with the driller working in a climate-controlled and soundproofed control cabin;
- Minimal risk of spillage or blowout because of the closed coiled tubing system and minimal number of joints. The constant circulation also reduces the risk of the drill bit getting stuck;
- Noise reduction because of the automated pipe handling system;
- Minimal environmental footprint because of reduced requirement for pipe storage; and
- The rig up-and-move time is considerably reduced.

Total drilling cost savings over conventional drilling methods are estimated at between 15% and 50%. This will result in a substantial saving for coal seam gas proponents given the large number of holes to be drilled.

AJ Lucas, which has pioneered many of the gas extraction methodologies being utilised in the Australian coal seam gas fields, is Australia's leading supplier of pipeline, drilling and related oil and gas services to this important emerging industry. The combination of AJ Lucas and Xtreme Coil in a joint venture is considered to be unparalleled in the industry.

Allan Campbell, CEO of AJ Lucas said:

*"We are very pleased to partner with Xtreme Coil. Like Lucas, they have a very heavy emphasis on technology to deliver services more efficiently. The company is a world leader in the development and application of continuous coiled tubing drilling.*



*A new rig, especially suited for Australian conditions and allowing extra quick rig moves, has been designed. We believe we can reduce the drilling time for each production well to comparable Canadian production rates. This is a 200% improvement on existing traditional approaches.”*

Tom Wood, Executive Chairman of Xtreme Coil said:

*“AJ Lucas is the largest provider of drilling services to the Australian coal and coal seam gas industries. We are particularly pleased to have partnered with AJ Lucas to introduce and apply our continuous coiled tubing drilling methods to Australia.*

*We believe that we will be able to deliver wells much faster and at a substantially lower cost than is possible with traditional drilling methods using jointed pipe. Xtreme Coil is very pleased to be able to assist in the commercialisation of the Australian coal seam gas industry.”*

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**Web sites**

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Xtreme Coil Drilling Corp	<a href="http://www.xtremecoil.com">www.xtremecoil.com</a>

**About AJ Lucas Group Limited**

Lucas is a leading provider of specialist infrastructure and mining services and is the largest supplier of drilling services to Australia’s coal and coal seam gas industries. It is also one of Australia’s largest builders of long distance gas pipelines. Other divisions provide gas management services to the coal and coal seam gas industry, construction, civil and property services.

AJ Lucas is also a proven developer of unconventional hydrocarbon properties. Past projects successfully developed and exited include the Company’s investments in Gloucester Basin, Sydney Gas and ATP651 in Queensland’s Surat Basin.