

Cooper Basin operations and oil production update

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Senex Energy Limited (Senex) continues to achieve positive results from its unconventional gas exploration campaign in South Australian Cooper Basin permit PEL 516 (Senex: 100%), and reinstates production from its conventional oil business.

KEY POINTS

- Sasanof-1 continues to clean up, with gas flows to surface continuing.
- Formation gas samples taken at surface confirm heavy gases and liquid hydrocarbons.
- Talaq-1 exceeds expectations, with high gas readings recorded throughout the Permian Section with evidence of condensate and heavy gases.
- Talaq-1 currently being cased and will be suspended to await future hydraulic fracture stimulation.
- Cooper Basin oil production back online with restricted road access regained after recent rain events, currently producing over 4,500 barrels of oil per day from operated fields.
- Senex announces 2012/13 oil production target of one million net barrels of oil.
- The 790 km² Cordillo 3D seismic program is progressing well, with over 140 km² recorded.

Gas flows continue at Sasanof-1

Senex commenced 'flowback' at Sasanof-1 during the week of 28 May 2012, following the completion of an extensive hydraulic fracture stimulation program to test gas quality and deliverability. Flowback operations are ongoing with the well continuing to produce fracture stimulation fluid and formation gas.

Senex Managing Director Ian Davies said the company was pleased that the well is performing as expected.

"Gas to surface on our first dedicated unconventional exploration well is an excellent result and an exceptional base on which to build our appraisal program. Our program continues to prove up the presence of a massive gas resource, and early indications of flow from Sasanof-1 are more than encouraging," he said.

The well is expected to continue to clean up over the coming weeks in line with expectations for liquids rich, normally pressured formation plays. Senex operational staff will continue to monitor the well to optimise gas flow over this period.

More than 200 metres of core was collected across the Roseneath and Murteree shales, Patchawarra sands and Toolachee coals during the drilling of Sasanof-1. Preliminary desorption results of the Sasanof-1 samples are positive and indicate the presence of gas and condensate in the Roseneath and Murteree shales and the Patchawarra Formation.

Following on from this success, a number of exploration and appraisal wells are planned in 2012/13 to appraise the productive capacity of this exciting unconventional gas play. A detailed work program will be announced in the coming weeks.

Talaq-1 unconventional gas exploration well exceeds expectations

Talaq-1 is the second of three dedicated unconventional gas exploration wells to be drilled by Senex in its initial exploration campaign in PEL 516. The well is currently being cased, to await hydraulic fracture stimulation later in the year.

High gas readings were observed throughout the Permian Section during drilling. Analysis of the mud logs confirmed the presence of condensate, with fluorescence in the Epsilon Formation demonstrating the presence of liquid hydrocarbons.

More than 320 metres of core were collected during drilling across the Roseneath, Epsilon, Murteree and Patchawarra Formations. Shale and coal cores are currently undergoing desorption, while the remaining cores are undergoing analysis to determine formation permeability and porosity.

The location of Senex's unconventional gas exploration activities is highlighted in Figure 1.

Cooper Basin oil production back online

Following the unseasonal winter rain events that affected Cooper Basin operations in the first week of June, the majority of Senex's oil operations were shut in pending the reopening of vital road infrastructure to deliver crude oil from the Company's oil fields to Moomba.

Several key roads were reopened during the week of 11 June 2012 and Senex has now recommenced restricted production from most of its operations, including the Growler and Snatcher fields. As at 14 June Senex's operated fields were producing over 4,500 gross barrels of oil per day, with additional production coming online over the coming week as the region continues to dry out and roads are opened up to heavier traffic.

Before the interruption, Senex had produced at a peak rate of over 6,500 gross barrels of oil per day from operated oil fields whilst striving to achieve its stated production target for 2011/12 of 700,000 net barrels of oil.

Due to the deferral of production associated with this most recent rain event, the 2011/12 production target has been revised to approximately 600,000 net barrels of oil.

Senex announces 2012/13 oil production target of one million net barrels of oil

Senex is targeting oil production of one million net barrels of oil from its currently producing fields in 2012/13.

Senex Managing Director Ian Davies said the growth target for 2012/13 was a natural progression from the 2011/12 production achievements.

“Senex is looking forward to a full year of production operations in 2012/13, with weather risks substantially reduced by the construction of pipeline infrastructure from our western flank oil fields to Moomba. Achieving one million net barrels of oil will represent an exciting milestone for the Company,” he said.

Cordillo 3D seismic program progressing well

The extensive Cordillo Downs 3D seismic survey in the northern Cooper Basin has continued with 590 km² of the total 780 km² already cleared and 140 km² recorded.

The 3D seismic survey will cover three South Australian permits: PEL 88 (100% Senex), PEL 90M (100% Senex) and the Northern Area of PEL 514 (50% Senex; 50% Planet Gas Limited) (refer Figure 3). These permits are considered to contain Birkhead Formation stratigraphic and structural traps capable of hosting oil plays similar to those at the proven Growler and Snatcher oil fields in PRL 15 and PEL 111 to the southwest.

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Figure 1: Location of Sasanof-1 and Talaq-1

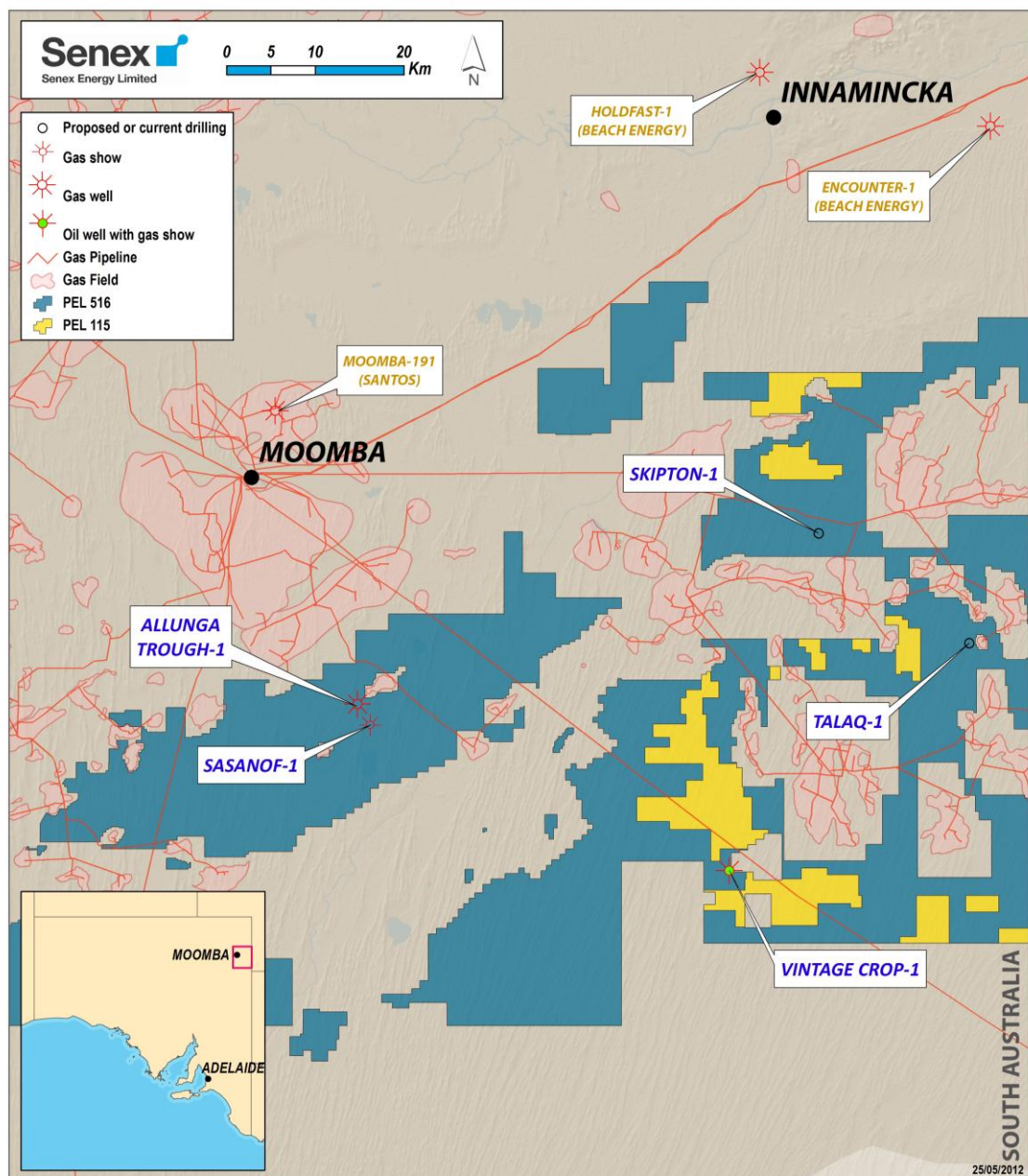


Figure 2: Location of Senex oil fields and proposed pipelines

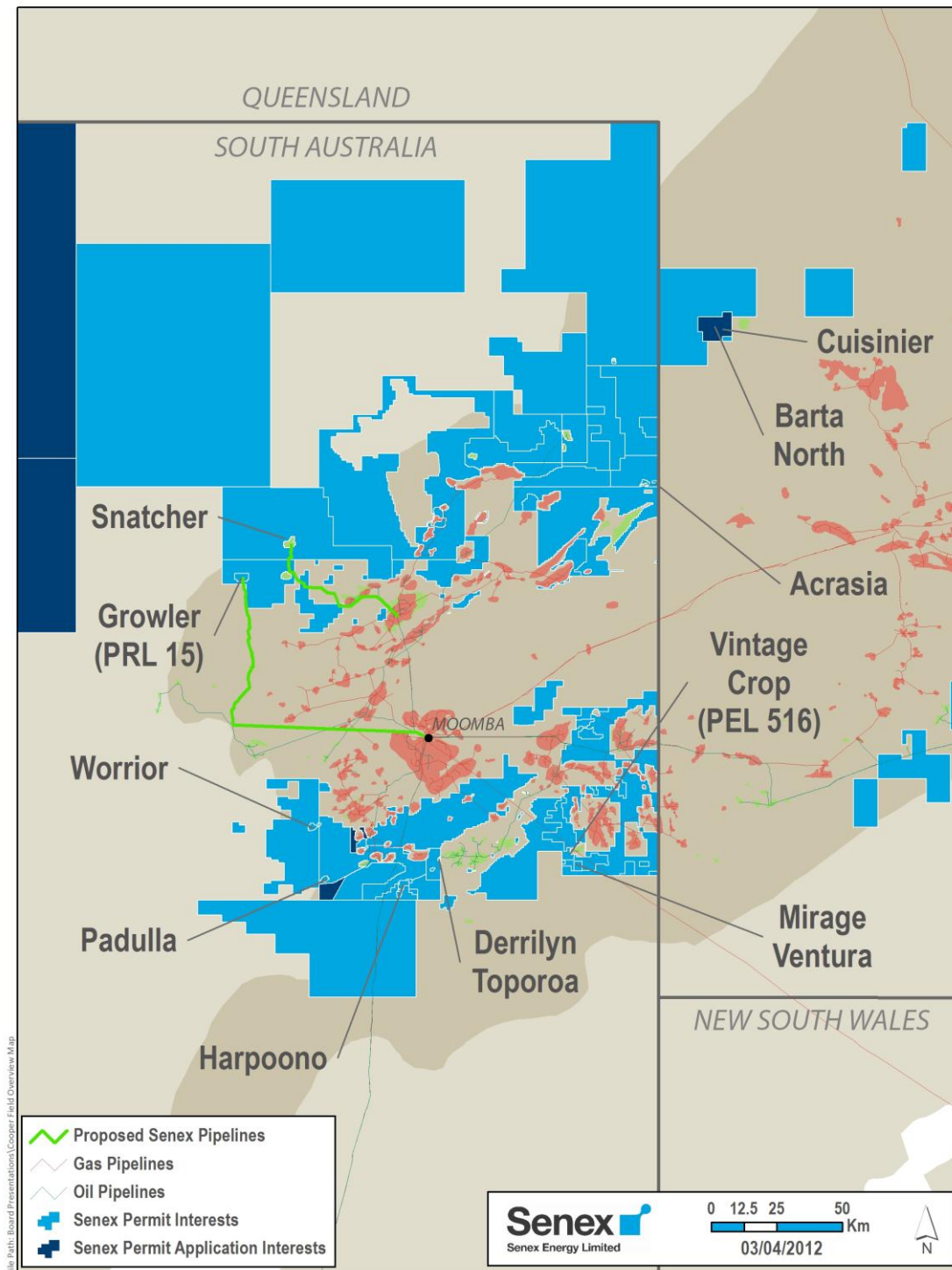


Figure 3: Location of Cordillo 3D seismic survey

