



Ambassador Oil and Gas Pty Ltd

ASX / Media Release

## SHOCKING 1 – DRILLING ANNOUNCEMENT

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Release date: 18 June 2012

Ambassador Oil and Gas Limited (ASX: AQO) will drill two wells with potential for 630,000 barrels of recoverable oil in its first ever oil drilling campaign in South Australia's Cooper basin.

In partnership with Senex Energy Ltd, operator of permit PEL 516, Ambassador is currently mobilising the Century 3 drilling rig to the Shocking 1 well site 65 km south-east of the Moomba oil and gas processing facility, with drilling due to start within seven days.

The Shocking 1 well has a mean recoverable oil potential in excess of 250,000 barrels from the Murta, McKinlay and Basal Birkhead/Hutton formations, all well known oil producing horizons in the Cooper basin.

After Shocking 1, the Kruger 1 oil exploration well will be drilled in PEL 516. The Kruger 1 well has a recoverable oil potential of 380,000 barrels if successful.

Shocking 1 will be drilled 600 metres northwest of the Caroowinnie 1 oil discovery and 1.8 kilometres north of the Vintage Crop 1 oil discovery well drilled in PEL 516.

Caroowinnie 1 was drilled in 2007 and discovered oil in the Murta formation, the McKinlay member of the Murta formation and the Basal Birkhead formation.

The Narcoonowie oil field further west of Caroowinnie has oil production from the Murta, McKinlay, Namur, Mid-Namur and Birkhead/Hutton reservoirs.

Shocking is the most north-westerly sub-culmination on the large Narcoonowie Horst and is expected to have multiple oil reservoirs similar to the neighbouring discoveries.

Vintage Crop 1 was drilled in May/June 2011 and discovered oil in the McKinlay Member of the Murta formation. It was subsequently completed as an oil well and is currently producing from the McKinlay. This result enhances the prospectivity of the Shocking prospect.



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The Shocking structure is mapped as having an upside recoverable oil potential in excess of 500,000 barrels.

Shocking 1 lies 1.8 km north of the Senex operated Vintage Crop oil field which is producing to a stand-alone modular production facility. If successful and subject to appropriate commercial arrangements the Shocking well can be efficiently linked to this facility with the oil produced and trucked to the nearest truck unloading facility operated by Santos in Dullingari or Moomba.

Tino Guglielmo  
*Managing Director*

Attachment:

Map - Shocking McKinlay depth structure

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### Competent Person Statement

Unless otherwise indicated, the statements contained in this report about Ambassador Oil & Gas Limited reserves estimates have been prepared by Mr Giustino Guglielmo BEng (Mech) MSPE FIEAust, who is Managing Director, a full time employee of Ambassador Oil & Gas Limited, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (**SPE PRMS**). Mr Guglielmo consents to the inclusion of the reserves estimates in the form and context in which they appear.

## Well Details

|                                        |                                |                               |  |
|----------------------------------------|--------------------------------|-------------------------------|--|
| <b>Licence:</b>                        | PEL 516 Shocking Farmout Block |                               |  |
| <b>Participants:</b>                   | Ambassador Oil & Gas (earning) | 60%                           |  |
|                                        | Senex Energy (Operator)        | 40%                           |  |
| <b>Rig:</b>                            | Century Rig 3                  |                               |  |
| <b>Mean Recoverable Oil Potential:</b> | Greater than 250,000 barrels   |                               |  |
| <b>Oil Targets:</b>                    | Primary:                       | Murta<br>McKinlay<br>Birkhead |  |
|                                        | Secondary:                     | Mid-Namur<br>Hutton           |  |
| <b>Total Depth:</b>                    | 1700 metres                    |                               |  |

## Recoverable Oil Potential (barrels)

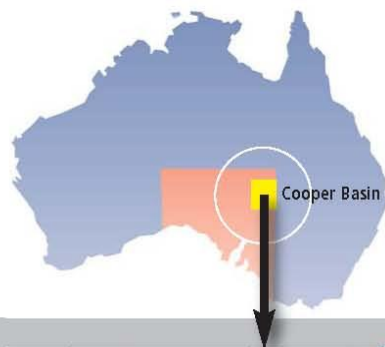
| Formation       | P90    | P50     | MEAN    | P10     |
|-----------------|--------|---------|---------|---------|
| Murta           | 12,000 | 32,000  | 42,000  | 89,000  |
| McKinlay Member | 42,000 | 108,000 | 140,000 | 294,000 |
| Basal Birkhead  | 49,000 | 109,000 | 132,000 | 255,000 |

## Target Horizons

The **Murta Formation** is a primary target in Shocking 1. Significant oil shows in the Murta have been recorded in a number of nearby wells in Narcoonowie, Caroowinnie and Vintage Crop. The Murta overlies and mingles with the Namur sandstone and consists of interbedded siltstone and thin calcareous cemented sandstone deposited in a lacustrine environment. The Murta has produced over 6,000 barrels and 23,000 barrels of oil in Caroowinie and Narcoonowie fields respectively.

The **Namur** is a low sinuosity, braided stream, sandstone. The top of this unit has a thin siltstone and interbedded sandstone section, the **McKinlay Member**, another primary target in the Shocking 1 well. The McKinlay and Namur reservoirs have produced over 500,000 barrels of oil in Narcoonowie, 9,500 barrels of oil in Caroowinnie and 6,700 oil barrels in Vintage Crop.

The **Hutton and Basal Birkhead Sandstone**, of early to middle Jurassic age, is conformably below the Birkhead and consists of massive coarse to medium grained sands deposited in a braided stream environment. This zone is another primary target for this well having produced 886,000 barrels of oil in Narcoonowie and 29,000 barrels of oil in Caroowinnie to date.



## SHOCKING PROSPECT

### McKinlay Member Depth Structure



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