

Fortnightly drilling report

Release Date: 12 September 2012

Key points

- The Snatcher-7 development well was cased and suspended as a future oil producer on 11 September 2012 after intersecting an interpreted net oil pay of 7.5 metres.
- Production testing is set to commence at the successful Mustang-1 oil exploration well in coming days.
- Data capture for the 790 km² Cordillo 3D seismic survey is 80% complete.
- Coring has commenced on Skipton-1, Senex's third dedicated unconventional gas exploration well, with approximately 80 metres of core gathered to date.

OIL BUSINESS

Appraisal and development work at the Snatcher oil field in PEL 111 (Senex 60% and Operator; Beach Energy Limited 40%) continued over the fortnight, with the Snatcher-7 development well cased and suspended as a future oil producer after intersecting a 13.9 metre oil column with an interpreted net oil pay of 7.5 metres. Snatcher-7 is a deviated development well, designed to drain the oil reservoir between Snatcher-1 and Snatcher-6. The well reached total measured depth of 1,890 metres on 7 September.

Ensign Rig 48 will mobilise to the Snatcher-10 appraisal well this week after operations at Snatcher-7 are completed. The Snatcher-10 well site is co-located with the Snatcher-3 production well. Snatcher-10 is also a deviated well and will appraise the mid-Birkhead reservoir north of Snatcher-3.

On 6 September, Wild Desert Rig 10 commenced the completion program at the successful Snatcher-4 appraisal well. Completion works are expected to be finalised this week.

On the strength of successful exploration, appraisal and production testing at the Snatcher oil field, which underpinned the certification of reserves in February 2012, the South Australian Government's Department for Manufacturing, Innovation, Trade, Resources and Energy (DMITRE) granted Petroleum Production Licence (PPL) 240 covering approximately three square kilometres of PEL 111 (refer Figure 1). DMITRE also granted PPL 241 in PEL 516 (Senex 100%), following the certification of oil reserves at the successful Vintage Crop-1 exploration well (refer Figure 2).

Approximately 4 kilometres to the south west of the Snatcher oil field, the successful Mustang-1 exploration well was completed for production on 4 September 2012. Initial Production Testing is scheduled to commence in coming days.

Work continued on the 790 km² Cordillo 3D seismic survey on the northern extension of the South Australian Cooper Basin's western flank. Data capture is now 80% complete to identify Senex's next generation of oil and gas exploration targets. Data processing will commence as soon as the recording is completed. The Cordillo seismic program covers three South Australian permits: PEL 88 (Senex 100%), PEL 90M (Senex 100%) and the Northern Area of PEL 514 (Senex 50% and Operator, Planet Gas Limited (ASX: PGS) 50%).

UNCONVENTIONAL GAS BUSINESS

A comprehensive coring program has commenced at the Skipton-1 unconventional gas exploration well in southern Cooper Basin permit PEL 516 (Senex 100%). To date, more than 80 metres of core has been gathered from the Roseneath shale, with further coring to continue across the Epsilon and Murteree Formations as well as the tight gas sands and deep coal seams of the Patchawarra Formation. Mud logs indicate high gas readings.

After Skipton-1, the 1500 HP Weatherford Rig 826 will mobilise to the unconventional gas exploration well Kingston Rule-1 in PEL 115 (Senex 55% and Operator, Orca Energy Limited (ASX: OGY) 20%).

Analysis is continuing on cores and wireline logs from Senex's first two dedicated unconventional gas wells, Sasanof-1 and Talaq-1, both in PEL 516.

Scheduling work is also continuing for a large-scale fracture stimulation program across the Talaq-1, Skipton-1 and Kingston Rule-1 unconventional gas wells to test gas deliverability and gas composition across the Permian section.

COAL SEAM GAS BUSINESS

No drilling work was undertaken at Senex's Surat Basin coal seam gas interests in the two weeks.

Competent persons statement

Unless otherwise indicated, the statements contained in this drilling report about Senex's reserves estimates have been prepared by Dr Steven Scott BSc (Hons), PhD, who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE PRMS). Dr Scott consents to the inclusion of the reserves estimates in the form and context in which they appear. Senex's reserves are consistent with the SPE PRMS.

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Figure 1: Senex conventional oil exploration, appraisal and development activities

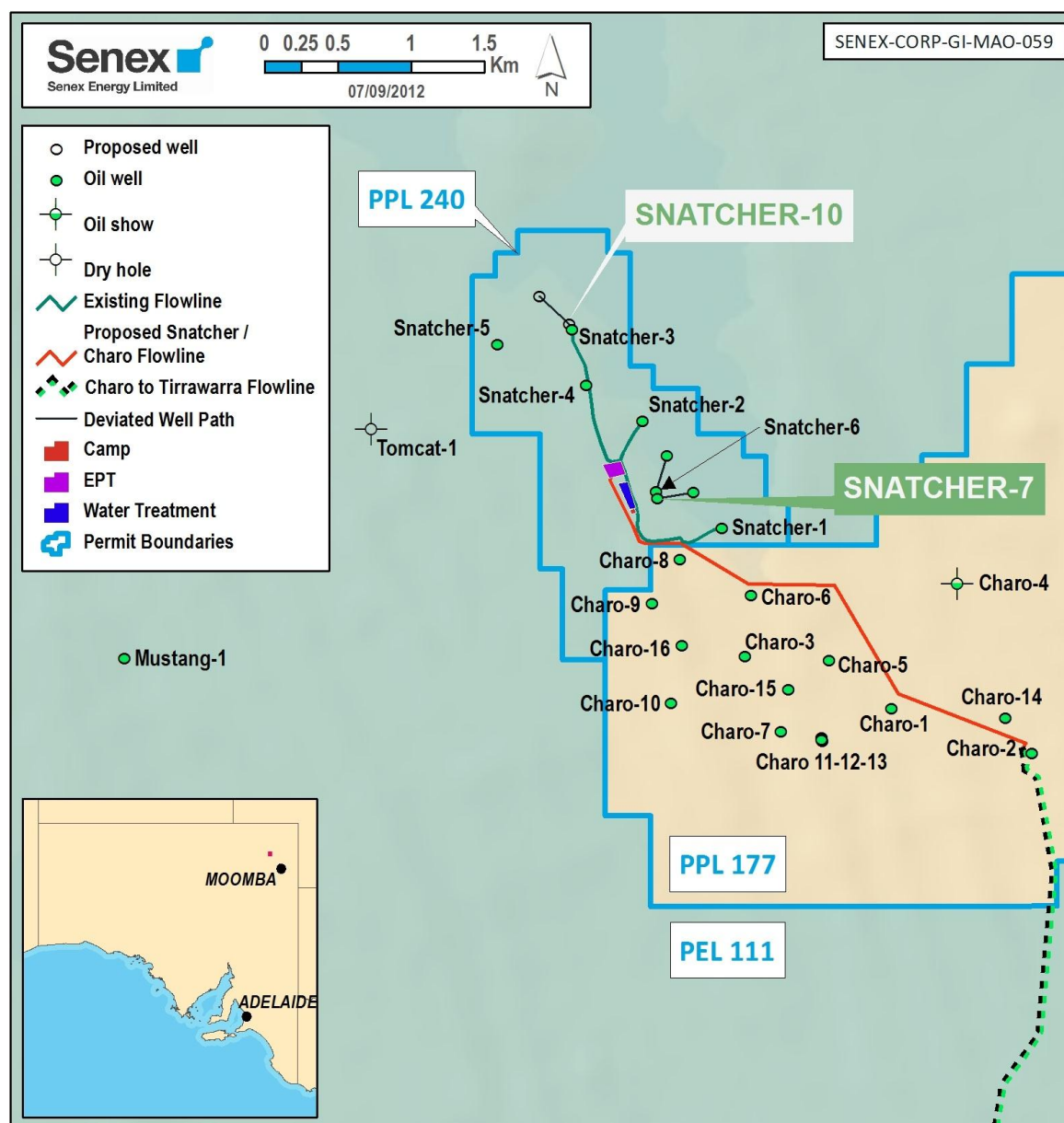


Figure 2: Oil production licence area for Vintage Crop-1

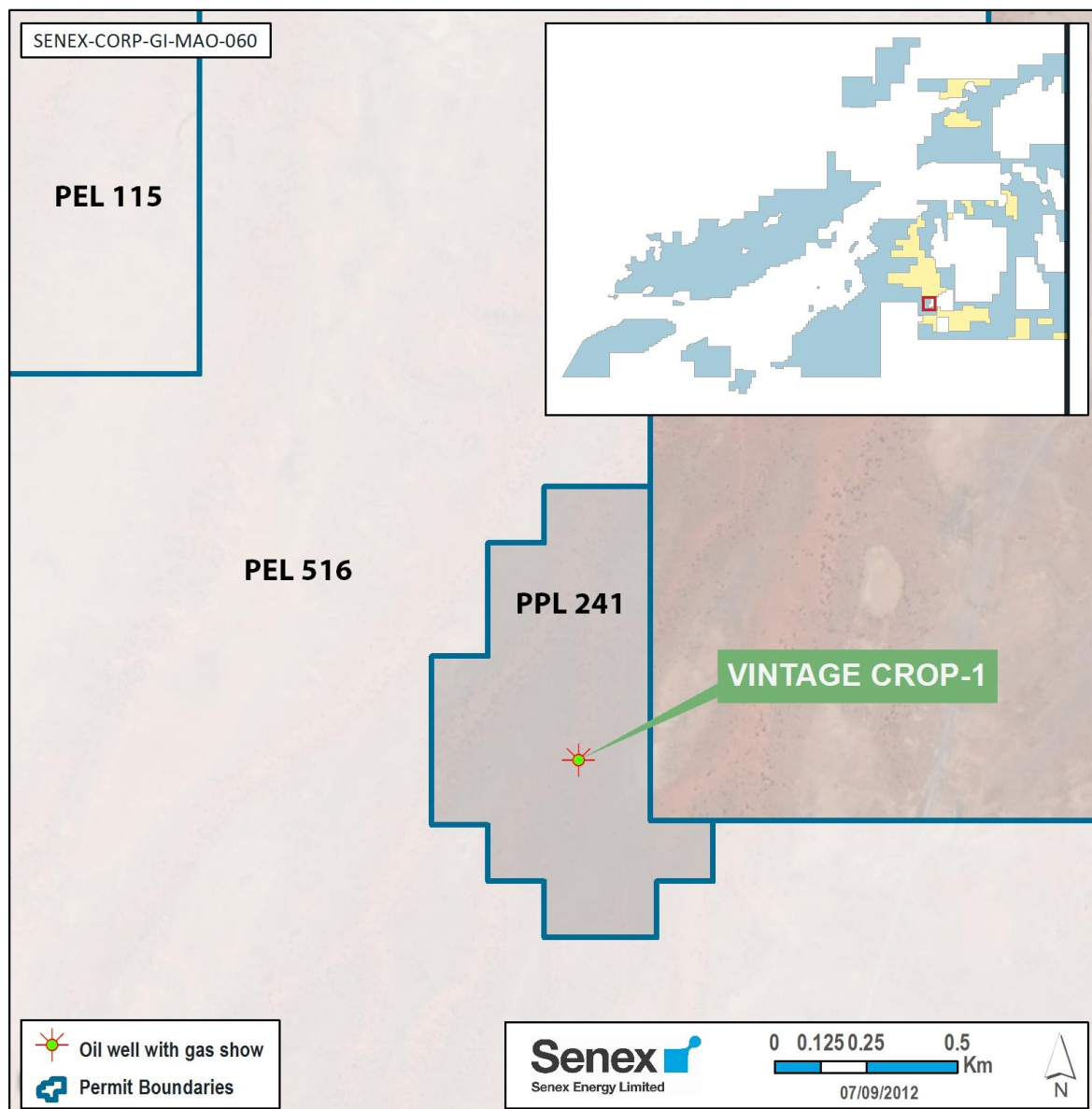


Figure 3: Location of the Cordillo 3D seismic survey

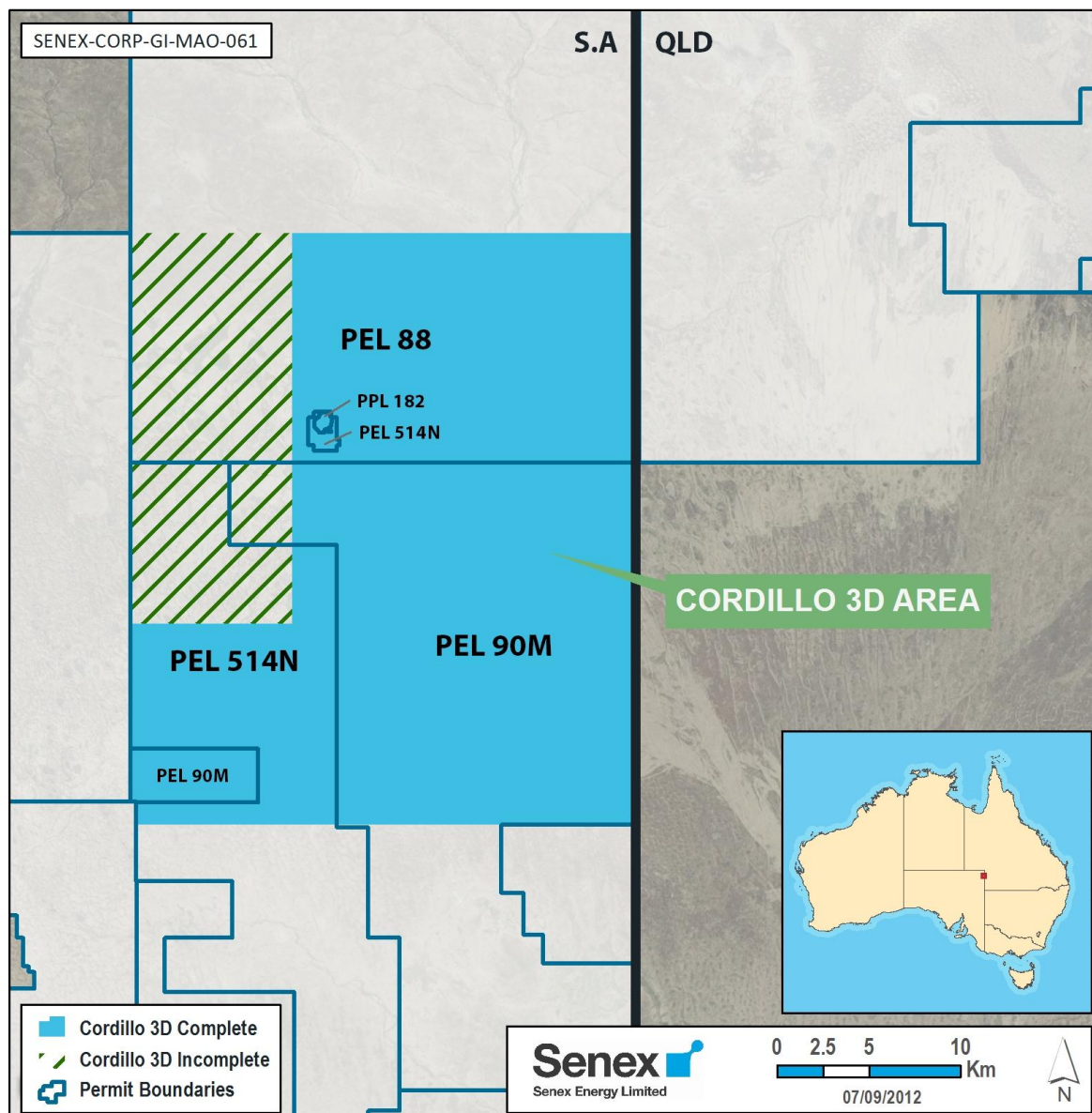


Figure 4: Senex unconventional gas exploration activities

