Senex
Senex Energy Limited

ASX Announcement

Fortnightly drilling report: Liquids rich gas confirmed at Skipton-1

Release Date: 26 September 2012

Key points

- Drilling commenced on the Snatcher-10 oil appraisal well on 18 September 2012, reaching total depth of 1,905 metres on 23 September.
- Initial production testing underway on the successful Mustang-1 oil exploration well.
- The Epsilon Formation at the Skipton-1 unconventional gas exploration well is much thicker than expected, with the presence of liquids rich gas confirmed
- Data capture is nearing completion for the 790 km^2 Cordillo 3D seismic survey.
- Two eastern Surat Basin coal seam gas appraisal wells were drilled in the period.

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. On 18 September, Ensign Rig 48 commenced drilling on the Snatcher-10 deviated appraisal well and reached total depth of 1,905 metres on 23 September 2012. The Snatcher-10 well is appraising the mid-Birkhead reservoir to the north-west of Snatcher-3. Senex is currently evaluating the results of this well.

On 14 September, the successful Snatcher-4 appraisal well was completed for production. The well is expected to be placed on production by the end of September.

South west of the Snatcher oil field, initial production testing began on the Mustang-1 exploration well in the last week. The well has performed in line with expectations and has been producing at a rate of over 800 barrels of oil per day through an 18/64th inch choke with minimal pressure depletion. Upon completion of the 10-day test, the well will be shut in for a further 10 days to measure reservoir pressure response.

In Senex's northern Cooper Basin permits, work continued on the 790 km^2 Cordillo 3D seismic survey. Data capture is now 92% complete and data processing is expected to commence in the coming fortnight. 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

Coring at the Skipton-1 unconventional gas exploration well in southern Cooper Basin permit PEL 516 (Senex 100%) is nearing completion. To date, more than 280 metres of core has been gathered from the Roseneath Shale, Epsilon Formation, Murteree Shale and Patchawarra Formation with further coring to continue across the tight gas sands and deep coal seams of the Patchawarra Formation.

The thickness of the Epsilon Formation has exceeded expectations, with 68 metres intersected. Senex recorded elevated gas readings throughout the section and fluorescence in the Patchawarra Formation, indicating the presence of liquid hydrocarbons. Coring is expected to be completed within the fortnight.

The 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%) upon its release from Skipton-1.

COAL SEAM GAS BUSINESS

Two Surat Basin coal seam gas appraisal wells were drilled in eastern Surat Basin permit ATP 574P (Senex 30%) in the fortnight:

- On 15 September 2012, drilling commenced on the coal seam gas appraisal well Peebs-9. As Operator of the joint venture, QGC has advised that the well has been cased and suspended as a future gas appraisal well after reaching total depth of 737 metres on 17 September. A full suite of wireline logs were run at the well and four drill stem tests (DSTs) were run across selected coal intervals within the Juandah and Taroom Coal Measures.

- On 21 September 2012, QGC spudded the coal seam gas appraisal well Peebs-11, less than one kilometre south of Peebs-9. The well reached total depth of 708 metres on 22 September and QGC has run a full suite of wireline logs and four DSTs across the Juandah and Taroom Coal Measures.

Exploration data from these wells is currently being evaluated.

Competent persons statement

Unless otherwise indicated, the statements contained in this drilling report about Senex's reserves estimates have been compiled 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 estimates in the form and context in which they appear. Senex's reserves and resources are consistent with the SPE PRMS.

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

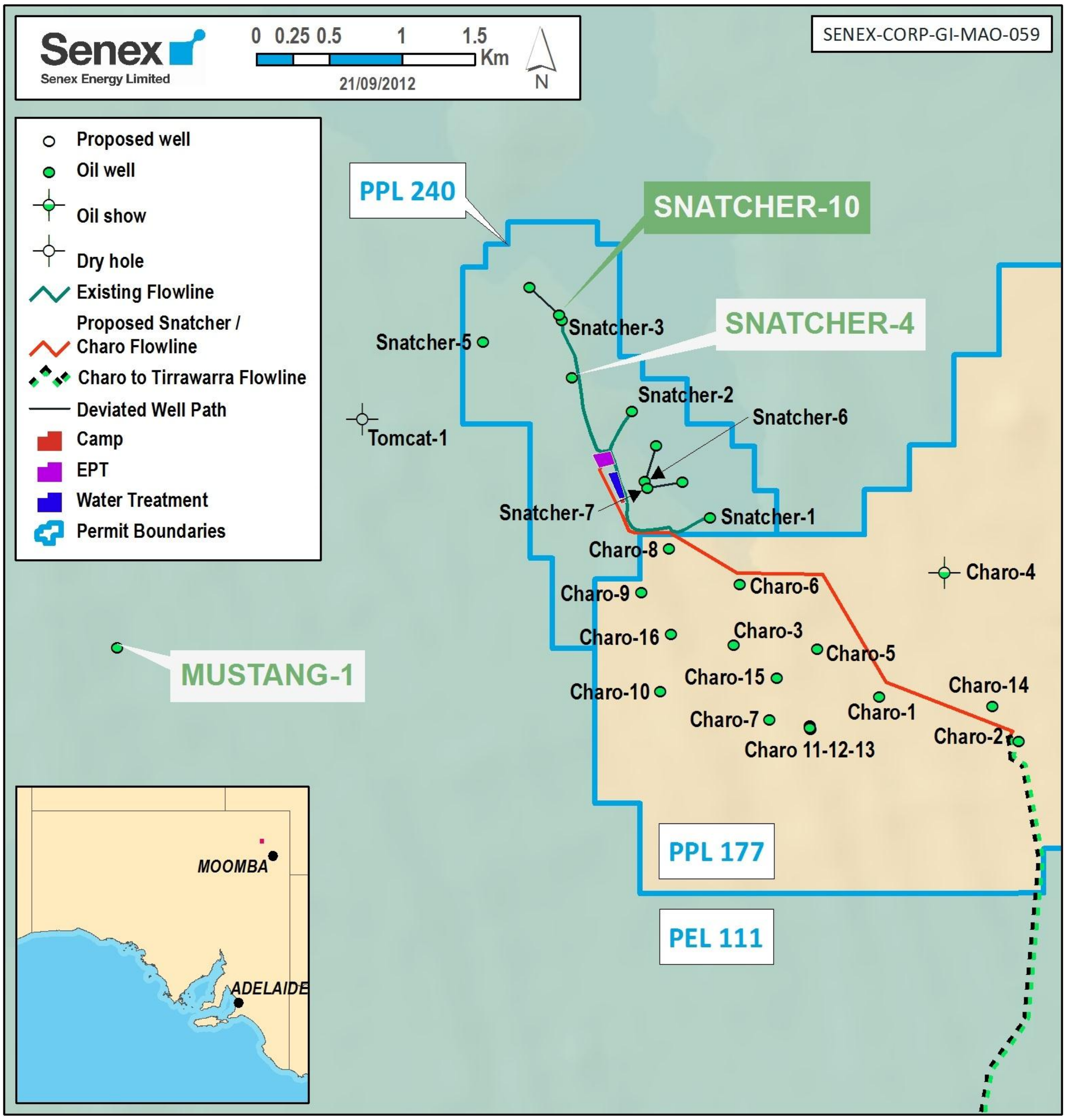

Figure 2: Location of the Cordillo 3D seismic survey

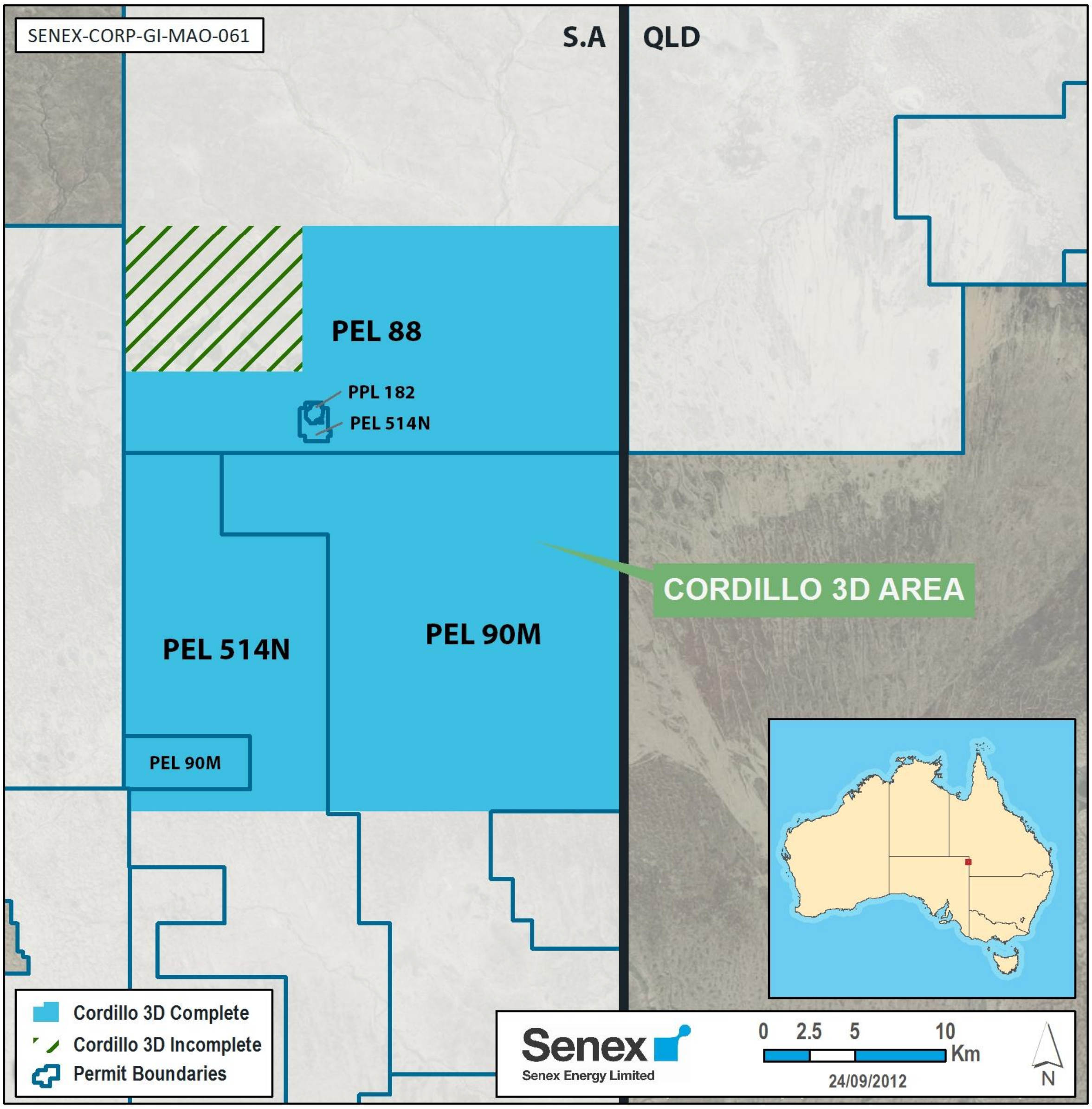

Figure 3: Senex unconventional gas exploration activities

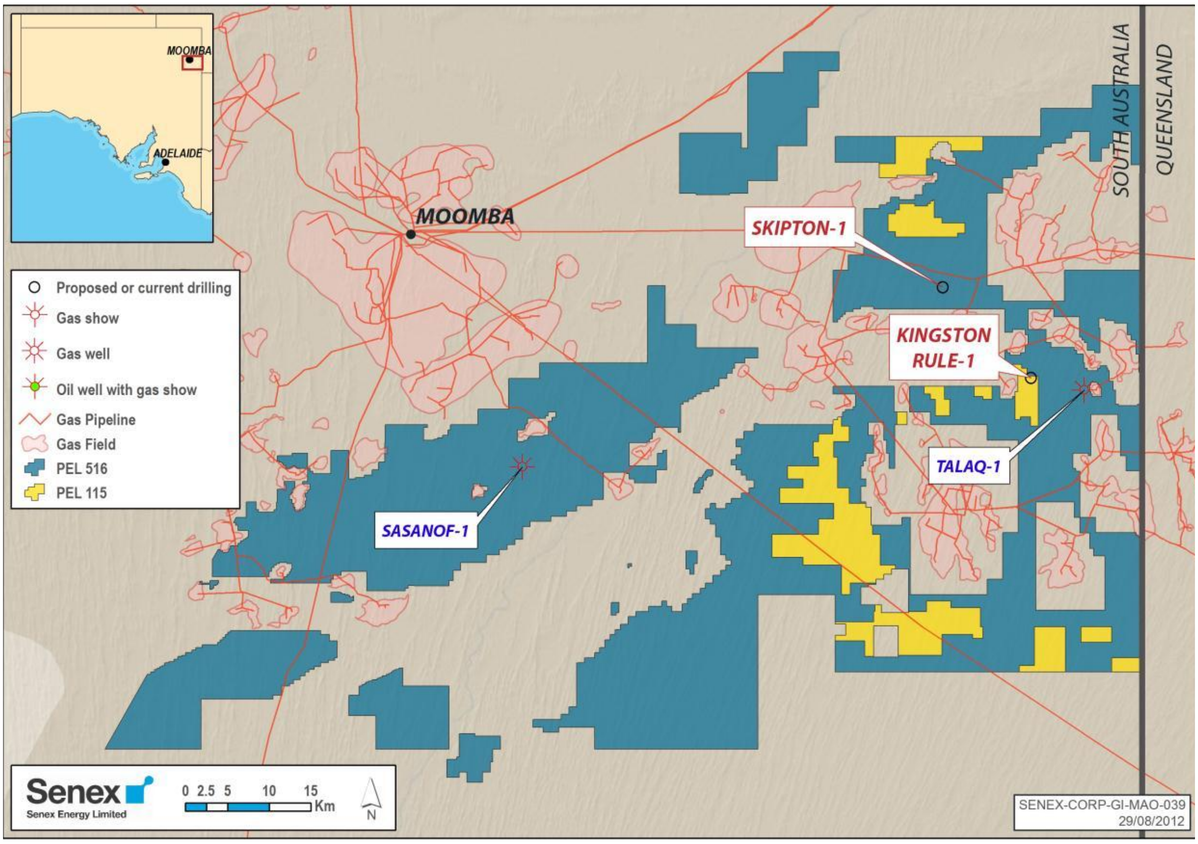

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Figure 4: Senex coal seam gas exploration activities in the Eastern Surat Basin