

Monthly drilling report – March 2013

Release Date: 4 April 2013

Key points

- Initial gas flows to surface at the Hornet-1 unconventional gas exploration well exceed two million cubic feet per day (**mmscfd**) following successful hydraulic fracture stimulation in March
- Condensate recovered from the Kingston Rule-1 unconventional gas exploration well at a rate of 10-20 barrels per million cubic feet of gas
- Flowback to recommence at the Skipton-1 unconventional gas exploration well
- Southern Cooper Basin appraisal well Vintage Crop-2 cased and suspended as a future oil producer after intersecting oil over a gross interval of 59 metres
- The successful Cuisinier-7 appraisal well to be cased and suspended pending completion as a future oil producer

UNCONVENTIONAL GAS EXPLORATION

Gas flows to surface at more than 2 mmscfd at Hornet-1

Initial gas flows have exceeded 2 mmscfd at the Hornet-1 unconventional gas exploration well in southern Cooper Basin permit PEL 115 (Senex Energy Limited (**Senex**, ASX: SXY) 80% and Operator; Orca Energy Limited (**Orca**, ASX: OGY) 20%).

During March, Senex completed a multi-zone fracture stimulation of the Hornet-1 well, targeting the tight gas sands of the Patchawarra Formation. The well was stimulated over the interval 2,484 metres to 2,678 metres and gas flowed to surface during clean up activities.

Flow testing and pressure monitoring will continue during April.

Kingston Rule-1 delivers gas and condensate

Further testing at the Kingston Rule-1 unconventional gas exploration well has confirmed gas flows of up to 1.4 mmscfd with condensate produced at a rate of 10 to 20 barrels per million cubic feet of gas. The well has been suspended and the results of initial flow testing will be incorporated into the completion design for longer term production testing.

Kingston Rule-1 is located in southern Cooper Basin permit PEL 115 (Senex 80% and Operator, Orca 20%). A total of five zones were fracture stimulated as part of the current program.

Flowback to recommence at Skipton-1

Wild Desert Rig 10 has returned to the Skipton-1 site in PEL 516 (Senex 100%) following the completion of fracture stimulation activities at the Hornet-1 well. Skipton-1 had been shut in due to localised flooding and operational difficulties, which delayed well site operations and the removal of zonal isolation plugs.

The rig is now cleaning out the hole so that flowback can recommence. Subsequently, Senex will install a production string to enable testing of the Patchawarra tight gas sands. Production testing is expected to commence in mid-April.

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

OIL EXPLORATION, APPRAISAL AND DEVELOPMENT

Vintage Crop-2 intersects gross oil intervals totalling 59 metres

Ensign Rig 48 completed appraisal well Vintage Crop-2 to a depth of 1,708 metres on 22 March after spudding on 15 March. Vintage Crop-2 is located in southern Cooper Basin permit PPL 241 (Senex 100%), approximately 430 metres north of the Vintage Crop-1 oil discovery, which is currently producing water-free from the McKinlay Formation.

Wireline logs have confirmed the presence of oil accumulations over a combined interval of 59 metres. The well has been cased and suspended pending completion as a future oil producer.

Successful Cuisinier-7 oil appraisal well kicks off five well campaign

Santos Limited (**Santos, ASX: STO**) spudded the Cuisinier-7 appraisal well on 21 March and reached total depth of 1,760 metres on 2 April. Santos has advised that wireline logs have confirmed the presence of approximately 6.2 metres (preliminary) net pay in the Murta Formation. The well will be cased and suspended pending completion as a future oil producer.

Cuisinier-7 is the first well of five appraisal and development wells at the Cuisinier oil field in Queensland Cooper Basin permit ATP 752P (Senex 15%; Santos 45% and Operator). The well is located 924 metres north west of Cuisinier-6. The campaign is designed to optimise field productivity and further define ultimate field size, targeting the primary Murta Formation.

The location of Senex's oil fields is shown in Figure 2.

COAL SEAM GAS BUSINESS

Senex and its joint venture partners plan to drill a total of 11 coal seam gas wells and one ground water monitoring well during the 2013 calendar year. This includes five wells carried over from the 2012 program.

In the western Surat Basin permits ATP 593P and ATP 771P, Senex will drill four core holes in the June quarter to further test the extent of the resource and build additional proved and probable (2P) reserves.

In the eastern Surat Basin permits PL 171 and ATP 574P, QGC (as Operator) will commence drilling in May 2013.

The location of Senex's coal seam gas assets is shown in Figure 3.

DRILLING REGISTER

Exploration, appraisal and development drilling undertaken in 2012/13 is shown below:

Well	Location	Spud date	Type	Result
Cuisinier North-1*	ATP 752P	2-Jul-2012	Oil exploration	Successful
Mustang-1	PEL 111	4-Jul-2012	Oil exploration	Successful
Kruger-1**	PEL 516	23-Jul-2012	Oil exploration	Unsuccessful
Indy-1	ATP 771P	24-Jul-2012	CSG appraisal	Successful
Lawton-5***	PL 171	25-Jul-2012	CSG appraisal	Successful
Snatcher-6	PPL 240	30-Jul-2012	Oil development	Successful
Lawton-8***	PL 171	4-Aug-2012	CSG appraisal	Successful
Indy-2	ATP 771P	7-Aug-2012	CSG appraisal	Successful
Skipton-1	PEL 516	15-Aug-2012	Unconventional gas exploration	Gas flow testing underway
Alex-10***	PL 171	15-Aug-2012	CSG appraisal	Successful
Tomcat-1	PEL 111	16-Aug-2012	Oil exploration	Unsuccessful
Snatcher-7	PPL 240	28-Aug-2012	Oil development	Successful
Peebs-9***	ATP 574P	15-Sep-2012	CSG appraisal	Successful
Snatcher-10	PPL 240	18-Sep-2012	Oil appraisal	Successful
Peebs-11***	ATP 574P	21-Sep-2012	CSG appraisal	Successful
Snatcher-8	PPL 240	30-Sep-2012	Oil development	Successful
Kingston Rule-1	PEL 115	21-Oct-2012	Unconventional gas exploration	Suspended pending further testing
Snatcher-9	PEL 111	2-Nov-2012	Oil appraisal	Successful
Spitfire-2	PEL 104	17-Nov-2012	Oil exploration	Successful
Paning-2	PEL 90	15-Dec-2012	Unconventional gas exploration	Cased, awaiting fracture stimulation
Vintage Crop-2	PPL 241	15-Mar-2013	Oil appraisal	Successful
Cuisinier-7*	ATP 752P	21-Mar-2013	Oil appraisal	Successful

* Operated by Santos

** Funded 100% by Ambassador Oil & Gas

*** Operated by QGC

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Figure 1: Senex unconventional gas exploration activities

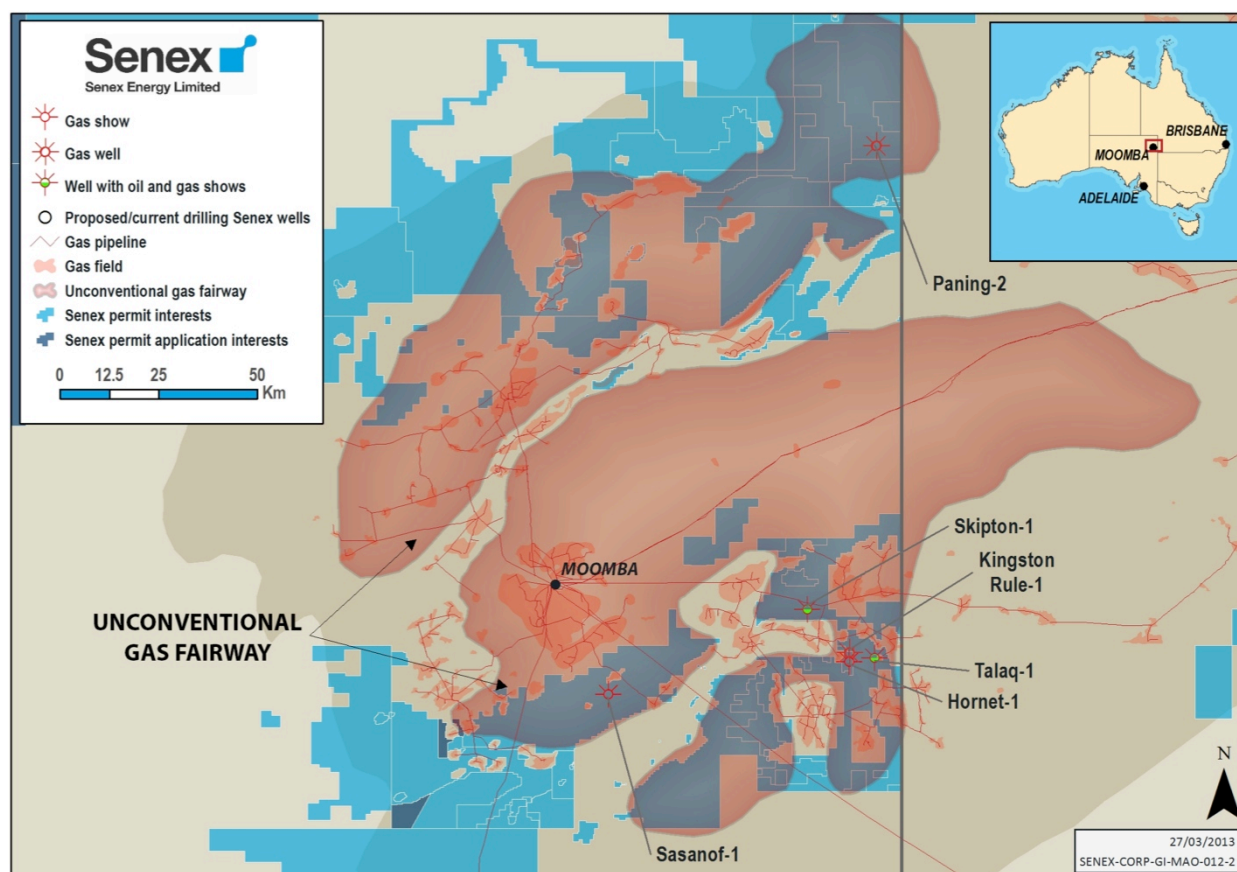


Figure 2: Senex conventional oil fields (operated and non-operated)

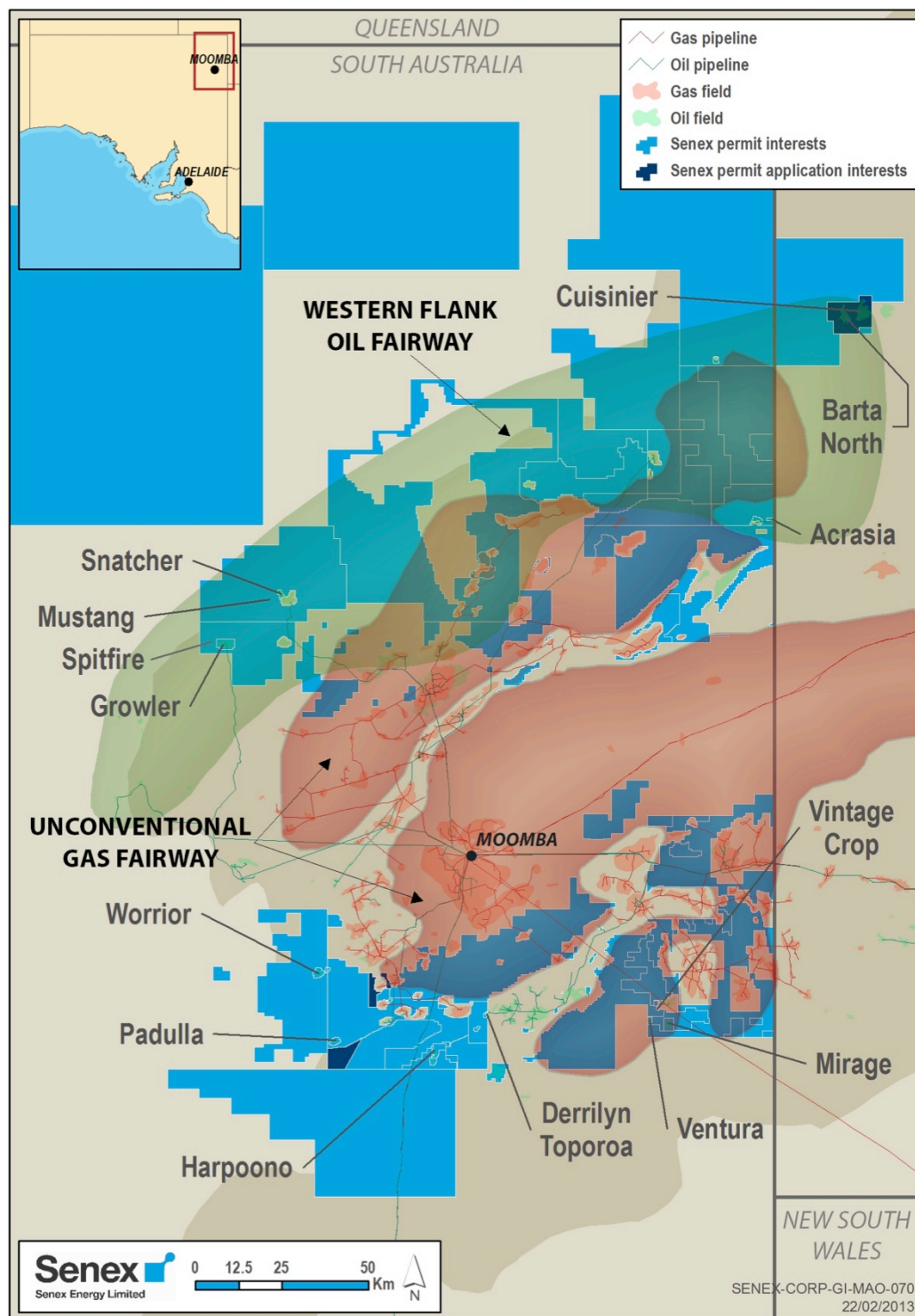
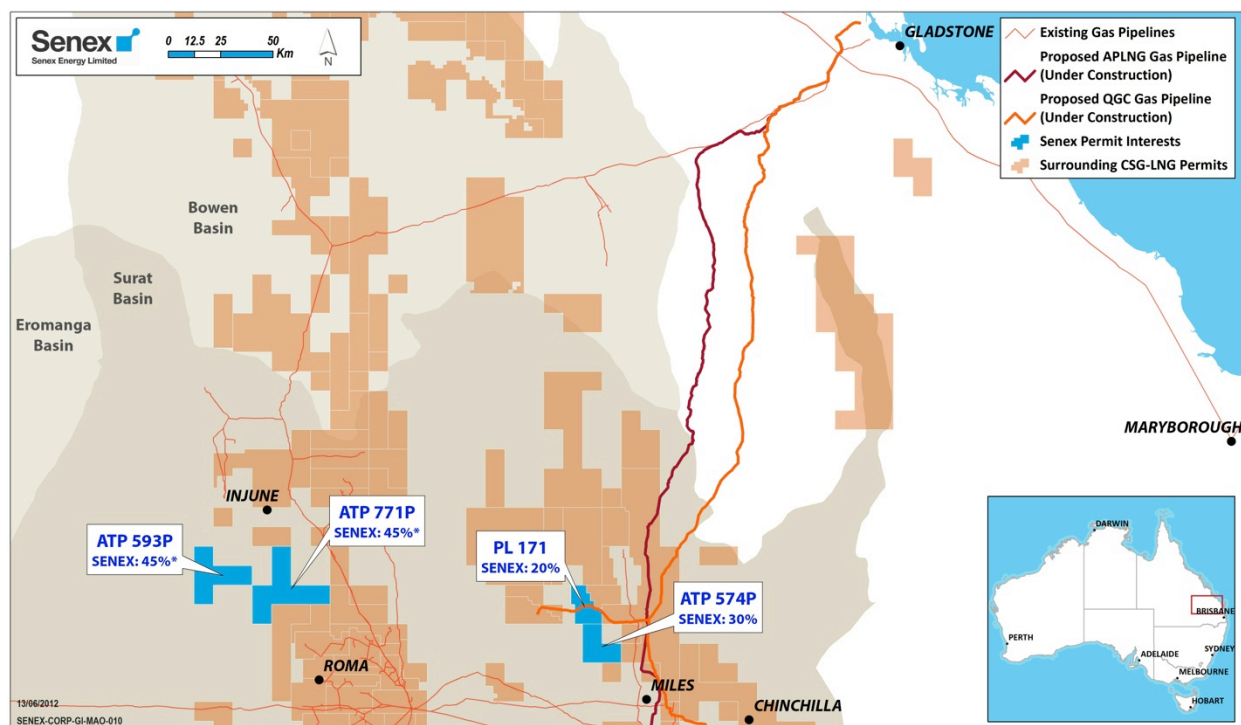


Figure 3: Location of Surat Basin permits



*Senex is the Operator

Competent persons statement

Unless otherwise indicated, the statements contained in this drilling report about Senex's reserves estimates have been compiled by Mr James Crowley BSc (Hons), who is General Manager – Exploration and Development, 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). Mr Crowley 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.