

Senex begins 30-well oil drilling campaign

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Senex Energy Limited (Senex, ASX: SXY) will commence a major, fully self-funded, oil drilling campaign this weekend, with more than thirty wells to be drilled back-to-back across the northern and southern Cooper Basin over the next 12 months.¹

Key points

- Senex to drill more than 30 oil wells in the South Australian Cooper Basin through 2013/14 to continue Senex's successful track record of materially increasing oil production and reserves
- This campaign is the first phase of a broader, multi-year oil exploitation program across Senex's 13,000 square kilometres of core oil permits in the South Australian Cooper Basin
- Exploration, development and appraisal wells to be drilled in northern and southern oil provinces (refer Figure 1 and Figure 2)
- Prospects generated from a detailed review of existing assets and interpretation of new 3D seismic surveys including the Cordillo and Lignum surveys (refer Figure 1)
- This major drilling program is fully self-funded from oil production
- Campaign kicks off this weekend with drilling of the Worrior-8 development well in the south west of the South Australian Cooper Basin

MORE THAN 30 OIL WELLS TO CONTINUE RESERVES GROWTH AND INCREASE PRODUCTION

Over the next 12 months, Senex will drill more than thirty wells as the first phase of a broader, multi-year program to exploit the oil potential of Senex's unrivalled independent acreage position in the South Australian Cooper Basin.

Drilling will initially focus on prospects in the southern oil province (refer Figure 2), with well sites located at, or near, existing oil fields. Work on the campaign will commence this weekend, with the Worrior-8 development well to be drilled at Worrior oil field. The aim of these initial wells is to add reserves, increase oil production and reduce costs in a number of mature fields with existing infrastructure, and to evaluate near-field exploration opportunities.

¹ Drilling program subject to Senex Board and joint venture approval.

Over the last six months, Senex has received the initial interpretation volumes from the Cordillo 3D seismic survey, and has undertaken a comprehensive review of its existing assets. As a result, Senex has now identified more than 50 oil prospects across its permits in the South Australian Cooper Basin.

Senex Managing Director, Ian Davies, said the drilling campaign was focused on exploiting low risk oil opportunities to continue Senex's enviable track record of materially increasing oil reserves and production.

"By analysing reprocessed seismic data and considering the application of well established production enhancement techniques our technical team has identified a large number of opportunities to improve the productivity of our existing assets and exploit oil zones that have previously been overlooked," he said.

The prospects are generally located at, or close to, existing facilities where surface infrastructure costs have already been recovered. In addition, new exploration prospects will be drilled on the western flank of the South Australian Cooper Basin generated from the latest 3D seismic surveys.

"Importantly, this major oil drilling program is fully self-funded from oil production", Mr Davies said.

WORRIOR OIL FIELD DEVELOPMENT PROGRAM

Two wells are planned for the Worrior oil field in the southern Cooper Basin permit PPL 207 (Senex 70% and Operator, Cooper Energy 30%, ASX:COE). The first well, Worrior-8, is located 236 metres to the south west of Worrior-1.

Worrior-8 will assess the oil potential of the Murta Formation, which previously flowed oil during a drill stem test (**DST**), and provide an additional drainage point for the McKinlay, Birkhead and Hutton oil reservoirs. The well will cut core through the Murta Formation to improve understanding of reservoir characteristics and assess the potential for production enhancement from this tight, oil saturated reservoir.

Worrior-8 will also intersect the Patchawarra Formation, which flowed gas in Worrior-1 on DST at a rate of approximately 7.4 million cubic feet per day with associated liquids. If this gas resource is confirmed, it could replace the crude oil consumed as fuel at the Worrior field each day.

Drilling, coring and logging will be conducted by Ensign Rig 48 and take approximately 18 days.

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Figure 1 – Northern Cooper Basin oil province

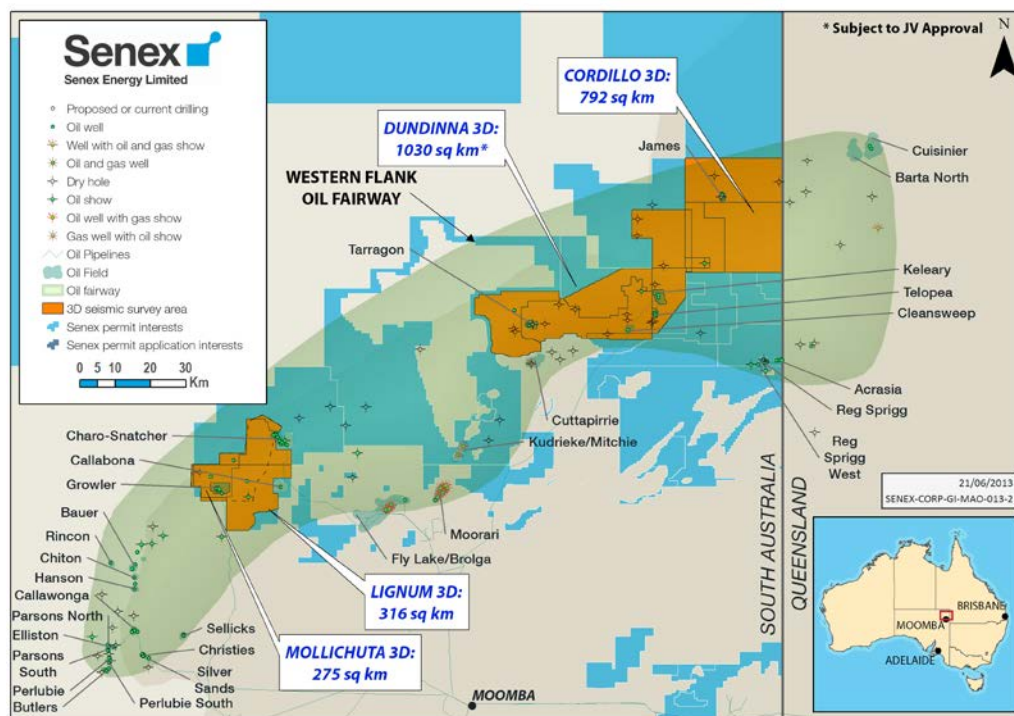


Figure 2 – Southern Cooper Basin oil province

