

Monthly drilling report – July 2013

Release Date: 7 August 2013

Key points

- Successful Worrior-8 oil development well intersected multiple oil bearing formations, with an interpreted net pay of up to 18 metres
- Worrior-9 oil exploration well intersected the target Patchawarra Formation but encountered a poorly developed reservoir and was therefore plugged and abandoned
- Ensign Rig 48 commenced drilling the Burruna-2 oil exploration well in PEL 115 to test the potential of the Murta Formation
- Ensign Rig 754 mobilised to the Acrasia-7 oil development well in PPL 203 and is expected to commence drilling in the second week of August
- Growler-6 returned to production after successful recompletion with a high rate electric submersible pump

OIL EXPLORATION, APPRAISAL AND DEVELOPMENT

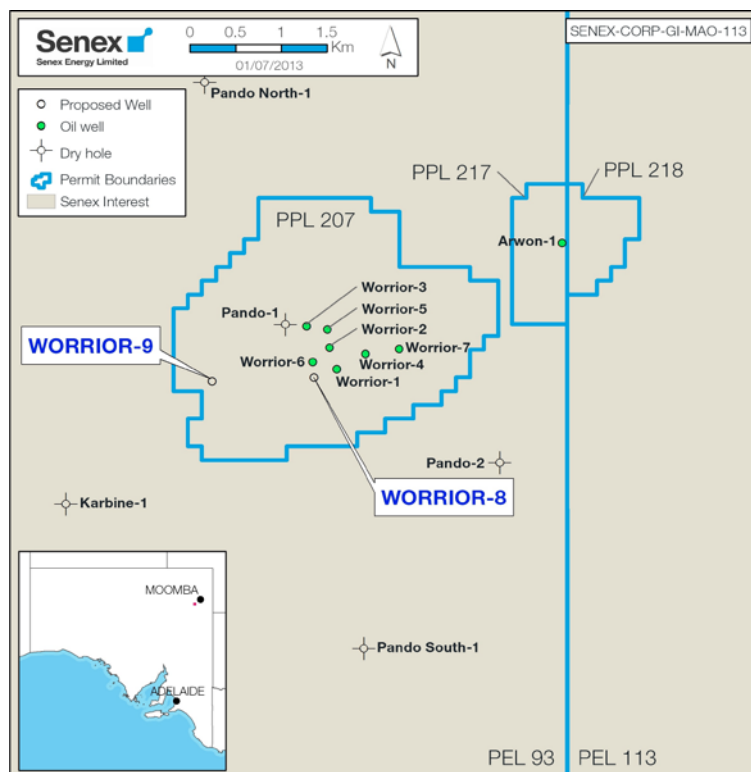
30+ well oil exploration, appraisal and development campaign continues

Senex Energy Limited (**Senex, ASX: SXY**) undertook a detailed review of its existing assets that resulted in the identification of more than 50 oil prospects across its permits in the South Australian Cooper Basin. An extensive drilling campaign is now underway to test more than 30 exploration, appraisal and development targets during 2013/14. This is 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.

Worrior-8 development well (*PPL 207: Senex 70% and Operator*)

Worrior-8 is located approximately 200 metres to the south west of Worrior-1 in the southern Cooper Basin (refer Figure 1). During July, drilling at Worrior-8 reached a total depth of 1,778 metres. Interpretation of well logs indicates net pay of up to 18 metres across the McKinlay Member, Namur Sandstone and Patchawarra Formation. Gas was also detected in the bottom zone of the well within the Patchawarra Formation. Core was cut through the Murta Formation during drilling. The core will be analysed for porosity, permeability and rock strength to determine net pay and aid the design of production enhancement techniques for this oil saturated reservoir. The well has been cased and suspended as a future oil producer.

Worrior-9 exploration well (PPL 207: Senex 100%, sole risk)



The Worrior-9 exploration well was drilled during July to test an oil target in the Patchawarra Formation. Pre-drill assessment of the prospect identified the key risk as being the presence of a suitable reservoir. The well intersected the Patchawarra Formation as prognosed, however the reservoir was poorly developed.

Although logging identified zones of hydrocarbon fluorescence in the Murta Formation, McKinlay Member and Pando Formation, hydrocarbons were not present in economic volumes and consequently the well was plugged and abandoned.

Figure 1: Worrior oil field

Stratigraphic traps similar to Worrior-9 exist on the flank of other fields and remain high priority targets as they present relatively low risk and high reward opportunities to enhance production. Further, their proximity to infrastructure makes them low cost developments.

Burruna-2 exploration well (PEL 115: Senex 80% and Operator)

Burruna-2 commenced drilling on 6 August 2013, and will be drilled to a target depth of 1,870 metres to test the hydrocarbon potential of the Murta Formation and secondary targets in the Namur Sandstone, Epsilon Formation and Merrimelia Formation. The well is located approximately 320 metres north east of the Burruna-1 exploration well. Burruna-1 encountered both oil and gas shows in the Murta, Epsilon and Merrimelia Formations.

Since the drilling of Burruna-1 in 1982, multiple fields have produced oil from the Murta Formation. The closest well, Mirage-1 in PPL 213, has produced over 240,000 barrels of oil and recently Fury-1, also in PEL 115, successfully tested an 18 metre gross oil column within the Murta Formation. Burruna-2 has been located to maximise the Murta Formation interval and 18 metres of core will be cut to assist with the planning and design of future production enhancement techniques.

Acrasia-7 development well (PPL 203: Senex 100%)

The Acrasia field was discovered in April 2002 when Acrasia-1 intersected oil in the Birkhead, Hutton, Poolowanna and Tinchoo reservoirs. Recent remapping of the Acrasia field identified an opportunity to drill and produce additional oil from the mid-Tinchoo Formation.

Acrasia-7 is located 230 metres to the north west of Acrasia-2 to maximise the recovery of remaining oil. Target total depth of Acrasia-7 is 2,365 metres. The Birkhead, Hutton and Poolowanna Formations will also be intersected and evaluated as secondary objectives.

FORWARD DRILLING PROGRAM

The fully self-funded drilling campaign testing the oil potential of the Cooper Basin will continue with a number of wells in the southern Cooper Basin and across the western flank oil fairway. The next four wells in the program will target low-risk, high-upside targets close to existing oil fields in the southern Cooper Basin:

- Ventura-2 development well (PPL 214: Senex 100%)
- Kobari-2 exploration well (PEL 516: Senex 100%)
- Dunlop-1 exploration well (PEL 113: Senex 100%)
- Acrasia-6 development well (PPL 203: Senex 100%)

Senex plans to mobilise Ensign Rig 48 to the western flank of the Cooper Basin in the December quarter to continue its extensive oil exploration, appraisal and development drilling program.

Ventura-2 development well (PPL 214: Senex 100%)

Ventura-2 is located approximately 500 metres north east of the Ventura-1 oil discovery. This well will be drilled to a total depth of 1,430 metres to produce additional oil not recovered by Ventura-1 from the McKinlay Member. Remapping of the Ventura structure has indicated more oil in place than initially estimated. The Murta Formation will also be logged and analysed for future production potential.

Kobari-2 exploration well (PEL 516: Senex 100%)

Kobari-2 is located 850 metres to the north east of Kobari-1 and will be drilled to a total depth of 1,310 metres to test the Murta Formation. Kobari-1 was drilled in 1984 and flowed oil to surface during testing at a rate of 53 barrels of oil per day from the Murta Formation.

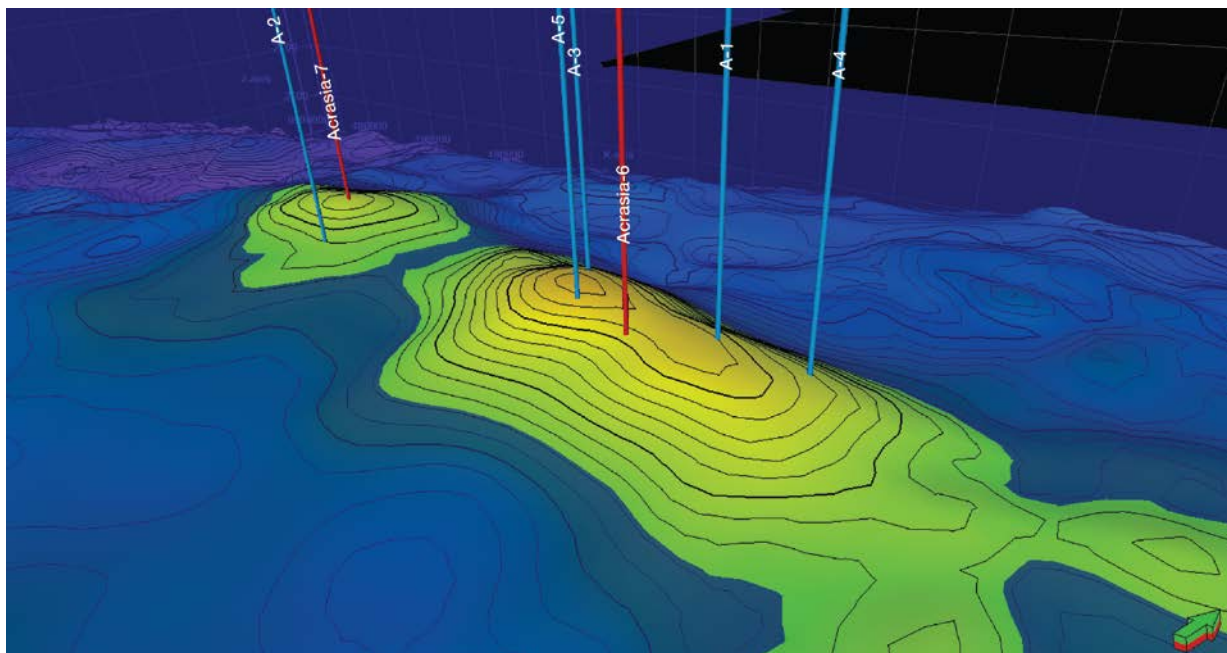
Dunlop-1 exploration well (PEL 113: Senex 100%)

The Dunlop-1 well is located 2.4 kilometres south west of the Dunoon-2 oil well and 4.7 kilometres south west of Harpoono-2. The well will test the north east section of the Dunlop structure with the Birkhead Formation as the primary target. The Murta, McKinlay and Hutton Formations will be intersected and evaluated as secondary and tertiary targets. Total depth is targeted to be 1,500 metres.

Acrasia-6 development well (PPL 203: Senex 100%)

Acrasia-6 is a deviated well that is planned to be drilled to a total depth of 2,350 metres. The well will primarily target the crest of the Hutton Sandstone as structural mapping and oil-in-place calculations have indicated significant potential for additional oil production. Secondary targets will also be intersected in the Birkhead, Poolowanna, and Tinchoo Formations.

Figure 2: Acrasia oil field



The location of Senex oil fields is shown in Figure 3.

COMPLETIONS PROGRAM

Work commenced in late July on a recompletion of Growler-6 (PPL 242, Senex 60% and operator) to install a high rate electric submersible pump. Growler-6 has now returned to production.

Following release from the Growler oil field, Wild Desert rig will move to PPL 243 (Senex 60% and operator) to complete the Mustang-1 oil discovery for long term production with a high rate electric submersible pump, subject to joint venture approval. Mustang-1 was drilled in July 2012 and is located approximately 4 kilometres south west of Snatcher oil field. The well intersected 4.0 metres of net pay in the mid-Birkhead Formation and free flowed oil during a drill stem test at a rate equivalent to 2,500 barrels of oil per day.

An extended production test commenced in December 2012 and achieved constrained production rates in excess of 800 barrels of oil per day, contributing to an increase in the interpreted field size. Mustang-1 is currently on free-flow production after being shut in for a pressure build up test.

DRILLING REGISTER

Exploration, appraisal and development drilling undertaken in 2013/14 is shown below:

Oil

Well	Location	Spud date	Type	Status
Worrior-8	PPL 207	22-Jun-2013	Development	Cased and suspended as a future oil producer
Worrior-9	PPL 207	4-Jul-2013	Exploration	Plugged and abandoned
Burruna-2	PEL 115	6-Aug-2013	Exploration	Drilling ahead

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Competent person's statement

Unless otherwise indicated, the statements contained in this drilling report about Senex's reserves and resources 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.

Figure 3: Senex conventional oil fields (operated and non-operated)

