

Monthly drilling report – August 2013

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Key points

- Ventura-2 oil development well in PPL 214 will be cased and suspended after encountering interpreted net pay of 12 metres in the Murta Formation and the McKinlay Member
- Successful Burruna-2 oil exploration well in PEL 115 has been cased and suspended as a future oil producer after intersecting an interpreted net pay of 5.3 metres in the mid Namur Formation
- Ensign Rig 754 is drilling ahead on the Acrasia-7 oil development well in PPL 203, targeting additional oil recovery from the Tinchoo Formation
- Mustang-1 oil well recompletion underway in PPL 243 to install a high-rate electric submersible pump

OIL EXPLORATION, APPRAISAL AND DEVELOPMENT

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

Senex Energy Limited (**Senex**, ASX: SXY) commenced drilling on the Ventura-2 oil development well on 28 August and reached total depth of 1,432 metres. Preliminary analysis of wireline logs and oil and gas shows indicate the well encountered approximately nine metres of net pay in the Murta Formation and approximately three metres of net pay in the McKinlay Member. A nine metre drill stem test in the McKinlay Member and an 18.5 metre drill stem test in the Murta Formation are currently underway.

The well is located approximately 500 metres north east of the Ventura-1 oil discovery and is designed to produce additional oil not recovered by Ventura-1 from the McKinlay Member. Remapping of the Ventura structure area by Senex has indicated more oil in place than initially estimated.

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

During August, Senex cased and suspended the successful Burruna-2 exploration well as a future oil producer after wireline logs confirmed a 5.3 metre net pay interval in the mid Namur Formation. A subsequent drill stem test resulted in oil free-flowing to surface at a rate of over 750 barrels per day with no associated water. Ensign Rig 48 commenced drilling Burruna-2 on 6 August 2013 and reached a total depth of 1,916 metres.

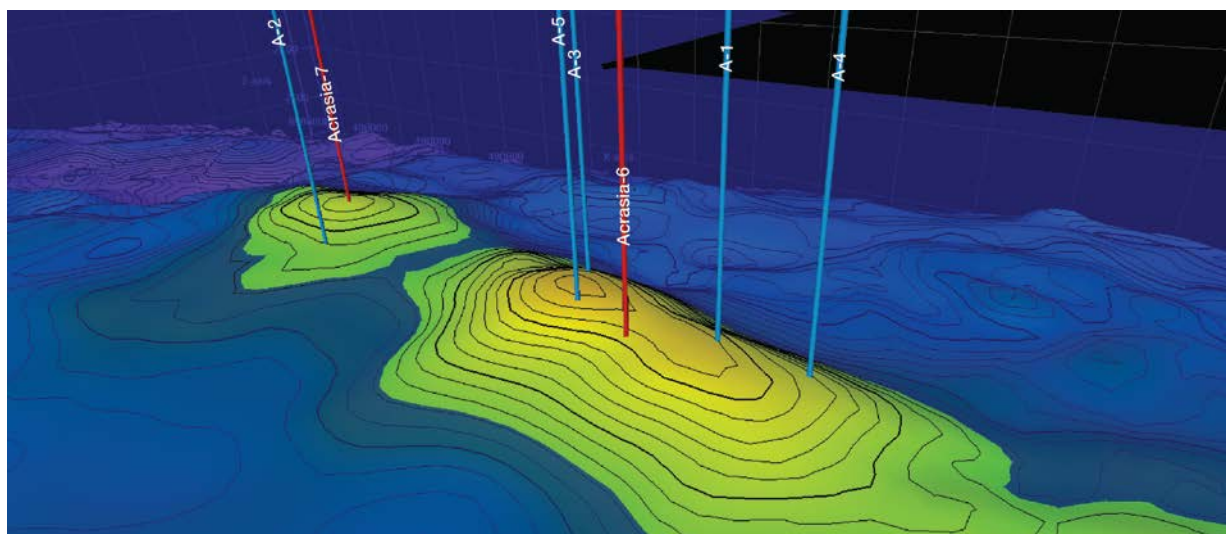
During drilling at Burruna-2, Senex cut 18 metres of core through the Murta Formation, which will be analysed to aid in the design of production enhancement techniques. Free oil was observed with the recovered core and hydrocarbon fluorescence was noted over a gross interval of 14 metres, further confirming the potential of the regionally extensive Murta Formation to deliver incremental production within Senex acreage.

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

Ensign Rig 754 commenced drilling on the Acrasia-7 development well on 24 August and is drilling ahead to a target depth of 2,365 metres. The well is located 230 metres to the north west of the Acrasia-2 production well (refer Figure 1) and is designed to maximise the recovery of remaining oil from the mid Tinchoo Formation. The Birkhead, Hutton and Poolowanna formations will also be intersected and evaluated as secondary objectives.

Acrasia oil 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 produce additional oil from the mid Tinchoo Formation.

Figure 1: Acrasia oil field



FORWARD DRILLING PROGRAM

During 2013/14, Senex will drill more than 30 oil wells in a fully self-funded drilling campaign to test the oil potential of its permits right across the South Australian portion of the Cooper-Eromanga Basin. The campaign will initially focus on low-risk, high-upside prospects close to existing oil fields in the southern Cooper-Eromanga Basin before moving to Senex's highly-prospective acreage on the western flank oil fairway. Three wells have been drilled in 2013/14 to date, two are currently being drilled, and the next four prospects are described below. Their location is shown in Figure 2.

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. It will be drilled to a total depth of 1,500 metres. The well will test the north east section of the Dunlop structure with the Birkhead Formation as the primary target. The Murta Formation, McKinlay Member and Hutton Formation will be intersected and evaluated as secondary targets.

Sprigg-1 exploration well (*PEL 514: Senex 80% and Operator*)

The Sprigg-1 prospect is located 4.5 kilometres west of Acrasia oil field. The exploration well will be drilled to a total depth of 2,464 metres to test the oil potential of the Tinchoo Formation up dip and 240 metres west south west of the Reg Sprigg North-1 well. Additional targets will also be intersected through the Murta Formation, Namur Sandstone, Hutton Sandstone, Poolowanna Formation and Arrabury Formation, all of which have recorded hydrocarbon fluorescence in adjacent wells.

Acrasia-6 appraisal 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.

COMPLETIONS PROGRAM

Mustang-1 (*PPL 243, Senex 60% and Operator*)

Wild Desert Rig 10 has mobilised to recompleting the Mustang-1 oil discovery with a high-rate electric submersible pump and associated surface facilities to enable long term production. The well is expected to return to production in late September.

Mustang-1 was drilled in July 2012 and is located approximately 4 kilometres south west of Snatcher oil field. The well intersected four metres of net pay in the mid Birkhead Formation and free flowed oil during a drill stem test at a rate of 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. Before the recompleting, Mustang-1 was on free-flow production after being shut in for a pressure build up test.

FORWARD COMPLETION PROGRAM

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

Subject to joint venture approval, Senex will conduct an initial production test on the Worrior-8 development well to assess gas deliverability from the Patchawarra Formation. Previous good gas shows indicate the Formation is gas bearing, and given sufficient recoverable gas volumes, an immediate opportunity exists to convert the fuel usage for the Worrior field from liquid to gas fuel, offering high net back value for gas.

Following the gas testing, Senex plans to complete the well as a McKinlay oil producer.

Burrana-2 exploration well (*PEL 115, Senex 80% and Operator*)

Subject to joint venture approval, Senex will complete the Burrana-2 discovery as an oil producer, with an extended production test expected to commence early in the second quarter of 2013/14.

Acrasia oil field (*PPL 203, Senex 100%*)

Senex plans to undertake a campaign of workovers of existing wells in the Acrasia field, depending upon drilling results. Known production enhancement opportunities exist in both the Acrasia-1 and Acrasia-5 wells.

DRILLING REGISTER

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

Oil

Well	Location	Spud date	Type	Status
Warrior-8	PPL 207	22-Jun-2013	Development	Cased and suspended as a future oil producer
Warrior-9	PPL 207	4-Jul-2013	Exploration	Plugged and abandoned
Burruna-2	PEL 115	6-Aug-2013	Exploration	Cased and suspended as a future oil producer
Acrasia-7	PPL 203	24-Aug-2013	Development	Drilling ahead
Ventura-2	PPL 214	28-Aug-2013	Development	Drill stem testing underway

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

