6 February 2014

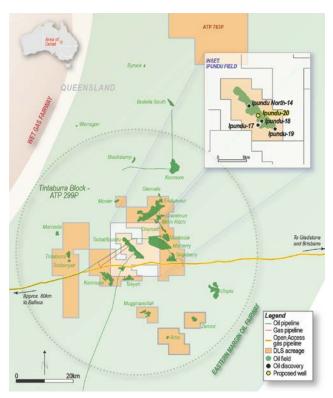
# **January Drilling Report**

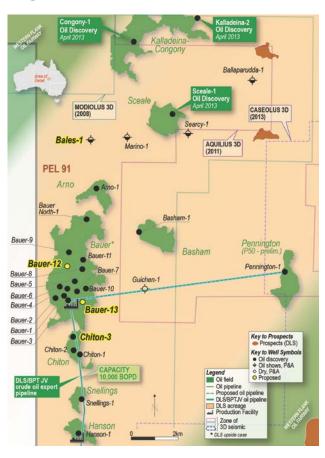
### Oil Business

#### Western Flank Oil Fairway PEL 91

The PEL 91 Joint Venture (Drillsearch 60% and Beach Energy Limited, 40% and Operator) is two wells into a five-well drilling campaign which includes two appraisal wells, one development well and two exploration wells. The first well, Chiton-3, was drilled as an appraisal well targeting the northern extent of the Chiton Field. The well encountered good hydrocarbon shows in the McKinlay/Namur interval with a gross pay of 3.5 metres in the Namur Sandstone and 3 metres in the McKinlay Member. The well has been cased and suspended as a future oil producer.

The second well, Bales-1, was an exploration well targeting the McKinlay/Namur interval with a secondary target in the Birkhead Formation. The McKinlay/Namur was found to be water wet and although shows were encountered in the Birkhead Formation they were not encouraging enough to warrant testing hence the well was plugged and abandoned. The rig will now move to the third well in the campaign, Bauer-12.





#### Eastern Margin Oil Fairway ATP 299P

The ATP 299P Joint Venture (Drillsearch 40% and Santos Limited, 60% and Operator) has embarked an expanded work program aimed at increasing oil production and improving overall oil recovery rates with a view to converting a significant portion of the contingent oil Resources to Reserves. The five-well Ipundu Oil Appraisal Campaign began on 21 December 2013 with the spudding of Ipundu-17. The campaign is gathering data to optimise the Field Development Plan for the Ipundu and Ipundu North fields with four of the five wells drilled and all being cased and suspended as future Wyandra Formation oil producers. The fifth and final well in the campaign, Ipundu-20, is expected to reach total depth in early February.



## **Unconventional Business**

### **Central Unconventional Fairway ATP 940P**

After casing and suspending the top-hole sections of the first three wells; Anakin-1 to 2,530m, Padme-1 to 2,402m and Charal-1 to 2,451m, the Weatherford drilling rig 826 is currently being upgraded with specialist high-pressure, high-temperature (HPHT) equipment. Work on the rig is expected to be finished shortly with Charal-1 scheduled to recommence drilling in February.

# Monthly Drilling Summary

Oil Wells	Partic	ipants	Progress & Summary		Primary Target
Ipundu - 17	DLS	40%	Spud Date:	Saturday, 21 December 2013	Wyandra Formation
PL 52	STO*	60%	Rig Release:	Friday, 27 December 2013	
Oil Business			Depth:	999 m (TD)	
Eastern Margin			Operation:	C & S	
C/E Basin, QLD			Progress:	999 m (TD)	
Ipundu - 18	DLS	40%	Spud Date:	Sunday, 22 December 2013	Wyandra Formation
PL 52	STO*	60%	Intermediate Release:	Tuesday, 24 December 2013	
Oil Business			Intermediate Depth:	388 m	
Eastern Margin			Operation:	Suspended Operations Awaiting Rig	
C/E Basin, QLD			Progress:	388 m	
Ipundu North - 14	DLS	40%	Spud Date:	Wednesday, 25 December 2013	Wyandra Formation
PL 52	STO*	60%	Intermediate Release:	Saturday, 28 December 2013	
Oil Business			Intermediate Depth:	392 m	
Eastern Margin			Operation:	Suspended Operations Awaiting Rig	
C/E Basin, QLD			Progress:	392 m	
lpundu - 19	DLS	40%	Spud Date:	Sunday, 29 December 2013	Wyandra Formation
PL 52	STO*	60%	Intermediate Release:	Wednesday, 1 January 2014	
Oil Business			Intermediate Depth:	392 m	
Eastern Margin			Operation:	Suspended Operations Awaiting Rig	
C/E Basin, QLD			Progress:	392 m	
lpundu - 18	DLS	40%	Re-entered	Tuesday, 31 December 2013	Wyandra Formation
PL 52	STO*	60%	Rig Release:	Monday, 13 January 2014	
Oil Business			Depth:	1, 268 m (TD)	
Eastern Margin			Operation:	C & S as future oil production well	
C/E Basin, QLD			Progress:	1, 268 m (TD)	
lpundu - 20	DLS	40%	Spud Date:	Thursday, 2 January 2014	Wyandra Formation
PL 52	STO*	60%	Intermediate Release:	Sunday, 5 January 2014	
Oil Business			Intermediate Depth:	392 m	
Eastern Margin			Operation:	Suspended Operations Awaiting Rig	
C/E Basin, QLD			Progress:	392 m	
Chiton - 3	DLS	60%	Spud Date:	Monday, 13 January 2014	Namur Sandstone
PEL 91	BPT*	40%	Rig Release:	Monday, 20 January 2014	
Oil Business			Depth:	1, 788 m	
Western Flank Oil			Operation:	C & S as future oil production well	
C/E Basin, SA			Progress:	1, 788 m	
Ipundu North - 14	DLS	40%	Re-entered	Friday, 17 January 2014	Wyandra Formation
PL 52	STO*	60%	Rig Release:	Thursday, 23 January 2014	
Oil Business			Depth:	1, 279 m (TD)	
Eastern Margin			Operation:	C & S as future oil production well	
C/E Basin, QLD			Progress:	1, 279 m (TD)	



Oil Wells	Partic	ipants	Progress & Summary		Primary Target
Bales - 1	DLS	60%	Spud Date:	Friday, 24 January 2014	Namur Sandstone
PEL 91	BPT*	40%	Rig Release:	Sunday, 2 February 2014	
Oil Business			Depth:	1, 953 m (TD)	
Western Flank Oil			Operation:	Plugged and abandoned	
C/E Basin, SA			Progress:	1, 953 m (TD)	
lpundu - 19	DLS	40%	Re-entered	Sunday, 26 January 2014	Wyandra Formation
PL 52	STO*	60%	Rig Release:	Friday, 31 January 2014	
Oil Business			Depth:	1, 275 m (TD)	
Eastern Margin			Operation:	C & S	
C/E Basin, QLD			Progress:	1, 275 m (TD)	

Unconventional Wells	Participants		Progress & Summary		Primary Target
Charal - 1	DLS*	40%	Spud Date:	Wednesday, 4 December 2013	Roseneath / Murteree Shale
ATP 940P	QGC	60%	Intermediate Release:	Thursday, 26 December 2013	
Unconventional Business			Intermediate Depth:	2, 451 m	
Central Unconventional			Operation:	HPHT Rig Modifications	
C/E Basin, QLD			Progress:	2, 451 m	

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About Drillsearch Energy Limited (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper-Eromanga Basins in South Australia and Queensland. The Company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production.

