

17 January 2023

The Manager
Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON COMPLETES WZ12-8E PHASE 2 DRILLING PROGRAMME

Horizon is pleased to advise that four WZ12-8E Phase 2 wells in Block 22/12, Beibu Gulf, China, have been successfully drilled, completed and brought onto production. This completes the Phase 2 drilling programme and the Strike drilling rig has now been released from Block 22/12.

HIGHLIGHTS

- The completion of WZ12-8E Phase 2 drilling campaign marks the end of a 10-month Block 22/12 campaign that has successfully drilled and completed ten WZ12-8E development wells, one WZ12-8E water disposal well, two WZ6-12 development / appraisal wells, one exploration / appraisal well, in addition to workovers in five WZ6-12 wells.
- Total Block 22/12 oil production averaged over 19,000 bopd gross (Horizon net over 5,100 bopd) during December 2022 and on 9 January 2023 was 19,803 bopd gross (Horizon net 5,337 bopd) made up of 10,002 bopd gross from the original Beibu fields and 9,801 bopd gross from the WZ12-8E field (Phase 1 and Phase 2). This is an increase of 4,466 bopd gross (Horizon net 1,204 bopd) compared with 24 October 2022 (previous announcement) which was prior to the start of WZ12-8E Phase 2 drilling.
- Strike drilling rig has completed a highly efficient drilling operation for the Block 22/12 Joint Venture and has now been released.

WZ12-8 East development project

The WZ12-8E development project has been an outstanding success for Horizon and our Block 22/12 Joint Venture partners. The project now comprises ten horizontal production wells that drilled a total of 9,953 m of reservoir plus one water disposal well. Production performance has generally exceeded pre-drill expectations because of a combination of longer horizontal production intervals (achieved average 995m vs planned 920m) and greater offset from the underlying oil-water contact, particularly for the wells in the main Jiaowei field.

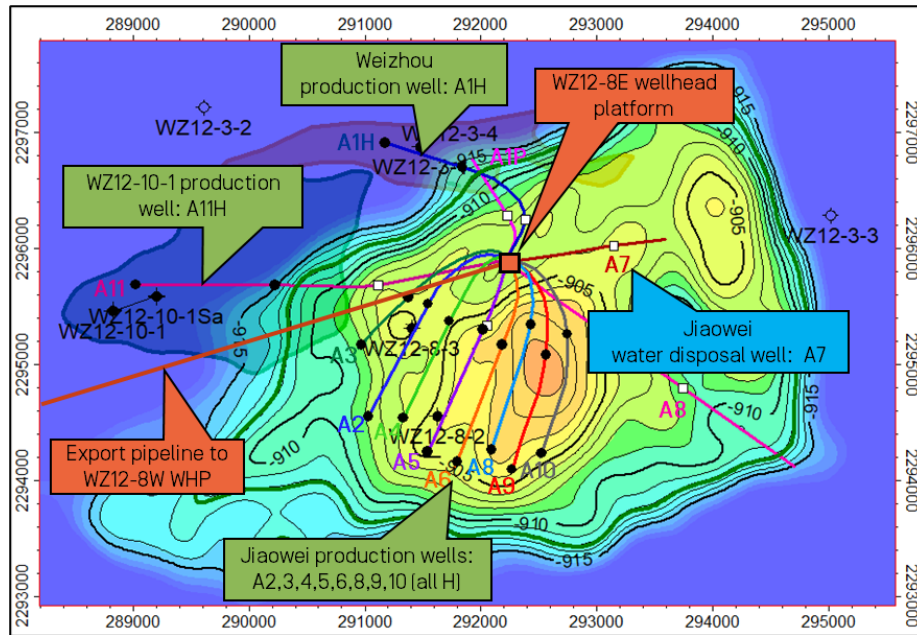


Figure 1 - WZ12-8E field (Top Jiaowei) map & wells

The success of the Phase 1 drilling programme [A1H to A6H] encouraged the Joint Venture to continue into a four well Phase 2 programme. The Phase 2 programme included three Jiaowei production wells [A8H,9H,10H] and one development / appraisal well [A11H] into the nearby WZ12-10-1 discovery. Further development of WZ12-8E will be considered in light of the medium to long term performance of the wells drilled to date.

To end December 2022 the WZ12-8E project had produced 1.43 mmbbls gross [0.38 mmbbls Horizon net] at an average rate of 5,345 bopd gross [Horizon net 1,440 bopd]. December 2022 WZ12-8E production averaged 9,235 bopd gross [Horizon net 2,489 bopd] with production still increasing as the Phase 2 production wells cleaned-up. The WZ12-8E project is expected to reach a peak oil rate in January 2023 before natural decline begins as formation water production increases. The Joint Venture is investigating various options to mitigate decline including increased liquid rates and increased water handling capacity.

The COSL ["China Oilfield Services Limited"] Strike drilling rig was released on 10 January 2023 after completing operations in Block 22/12. The rig and crew have performed exceptionally with continuous improvement in performance as the programme progressed.

Horizon CEO, Richard Beament added:

"The completion of the WZ12-8E Phase 2 drilling and completion programme marks another milestone in the discovery and development of the Block 22/12 oil fields. Horizon now has 30 wells producing from three Production Areas in the Block 22/12 Contract Area at a total rate of around 20,000 bopd gross [Horizon net ~5,400 bopd]. This represents an approximate doubling of production rates since early April 2022 prior to the WZ12-8E field development being commissioned. This diversified production base underpins ongoing high production rates and continued strong free cashflow generation. Pleasingly, the Joint Venture is continuing to investigate options for further development drilling in Block 22/12 in 2023."

Block 22/12 participants:

CNOOC (Block 22/12 Operator)	51.00%
Horizon Oil (Beibu) Ltd.	26.95%
Roc Oil (WZ12-8E Operator)	19.60%
Oil Australia Pty Ltd.	2.45%
Total	100.00%

Further information in accordance with ASX Listing Rule 5:

The estimates of petroleum reserves and resources contained in this statement are based on, and fairly represent, information and supporting documentation prepared by staff and independent consultants under the supervision of Mr Gavin Douglas, Chief Operating Officer of Horizon Oil Limited. Mr Douglas is a full-time employee of Horizon Oil Limited and is a member of the American Association of Petroleum Geologists and the Society of Petroleum Engineers. Mr Douglas' qualifications include a Master of Reservoir Evaluation and Management from the Heriot Watt University UK, and more than 25 years of relevant experience. Mr Douglas consents to the use of the petroleum reserves and resources estimates in the form and context in which they appear in this statement.

Authorisation: This ASX announcement is approved and authorised for release by the Company Secretary.