



ASX ANNOUNCEMENT

3D Energi Limited | ASX: TDO

29 August 2024

A Conceptual Otway Gas Development Strategy

3D Energi (the “Company”; ASX: TDO) continues to evolve its east coast gas strategy in the lead up to the Otway Exploration Drilling Program (**OEDP**). With the recently announced (24 June 2024) flexibility to nominate a well carry transfer from T/49P to VIC/P79, the Company has been considering conceptual Otway gas development strategies based on a commercial success case. There are multiple scenarios under consideration but the one outlined herein provides a simple demonstration of the commercialisation principles. TDO retains a 20% participating interest in both permits, operated by Joint Venturers ConocoPhillips Australia (COPA).

Highlights

- **A conceptual Otway gas development strategy is presented that centres around the drilling of up to six exploration wells across T/49P and VIC/P79 during the upcoming OEDP.**
- **OEDP operational areas have different exploration maturities and commercialisation priorities. Subject to the completion of subsurface work, VIC/P79 South may on success form a hub development through which T/49P and VIC/P79 north discoveries can be connected.**
- **VIC/P79 South has some of the lowest risk gas prospects across the two permits, with Direct Hydrocarbon Indicators (DHIs) located proximal to existing gas fields, associated infrastructure and the east coast market.**
- **Application of the T/49P well carry to a second VIC/P79 well during Phase 1 of the OEDP would favour a faster commercialisation pathway.**
- **Subsequent exploration wells in surrounding operational areas would facilitate future expansion along VIC/P79 North and/or T/49P development pathways.**

Executive Chairman’s Comments

Mr Noel Newell, Executive Chairman of 3D Energi, said today “On the 24th of June 2024 we announced a revision to the ConocoPhillips Australia Otway farmout obligations to allow greater flexibility regarding the selection of potential drilling targets. The key motivations for these changes are driven by both prospectivity and economics, having identified highly prospective drill targets proximal to both infrastructure and gas markets.

We now outline a conceptual Otway gas development strategy that explores the application of the well carry transfer from T/49P to VIC/P79 and consider potential subsequent development pathways. These are early planning concepts and subject to meeting minimum economics success criteria and a host of relevant approvals, among other considerations.

Ultimately, we feel it is important to explain these concepts to our shareholders in light of the transformative opportunity that our Otway business represents, as we potentially progress from explorer to developer and eventually east coast gas producer”.

Well carry transfer option facilitates faster commercialisation pathway

The recent TDO ASX announcement titled [‘TDO renegotiates ConocoPhillips farmout obligations’](#), released on 24 June 2024, outlined a modification to the existing TDO/COPA farmout agreements that provides flexibility regarding the selection of drilling locations.

The revision to the agreements recognises the emergence of an ‘Area of Interest’ approach to managing both VIC/P79 and T/49P. The new agreement provides the ability to optimise decision-making around exploration drilling to facilitate a faster pathway to a commercial project. This considers a conceptual Otway gas development strategy based on key factors such as the quality of the defined exploration target (risk and prospective resources), the proximity to gas markets and existing infrastructure, the efficiencies to the capital investment in field development and relative speed of field development.

It should be noted that this approach is of course an internal evaluation strategy and does not remove the exploration obligations attached to each exploration permit.

The main advantage of this agreement is there is now flexibility in selecting the most optimal drilling locations for the initial two wells (Phase 1 OEDP). The agreement provides flexibility to assess the best location to discover, develop and market the gas with the best economic return. A second advantage is that the Company would have otherwise been responsible for its share of the drilling costs (20%) in the event a second well is drilled in VIC/P79.

Conceptual Otway Gas Development Strategy

While there are multiple conceptual Otway gas development scenarios under consideration, and these are ultimately dependent on exploration success (meeting minimum economic success criteria), Figure 1 shows a scenario whereby up to 4 exploration wells are drilled within the VIC/P79 South operational area (Figures 1 and 2).

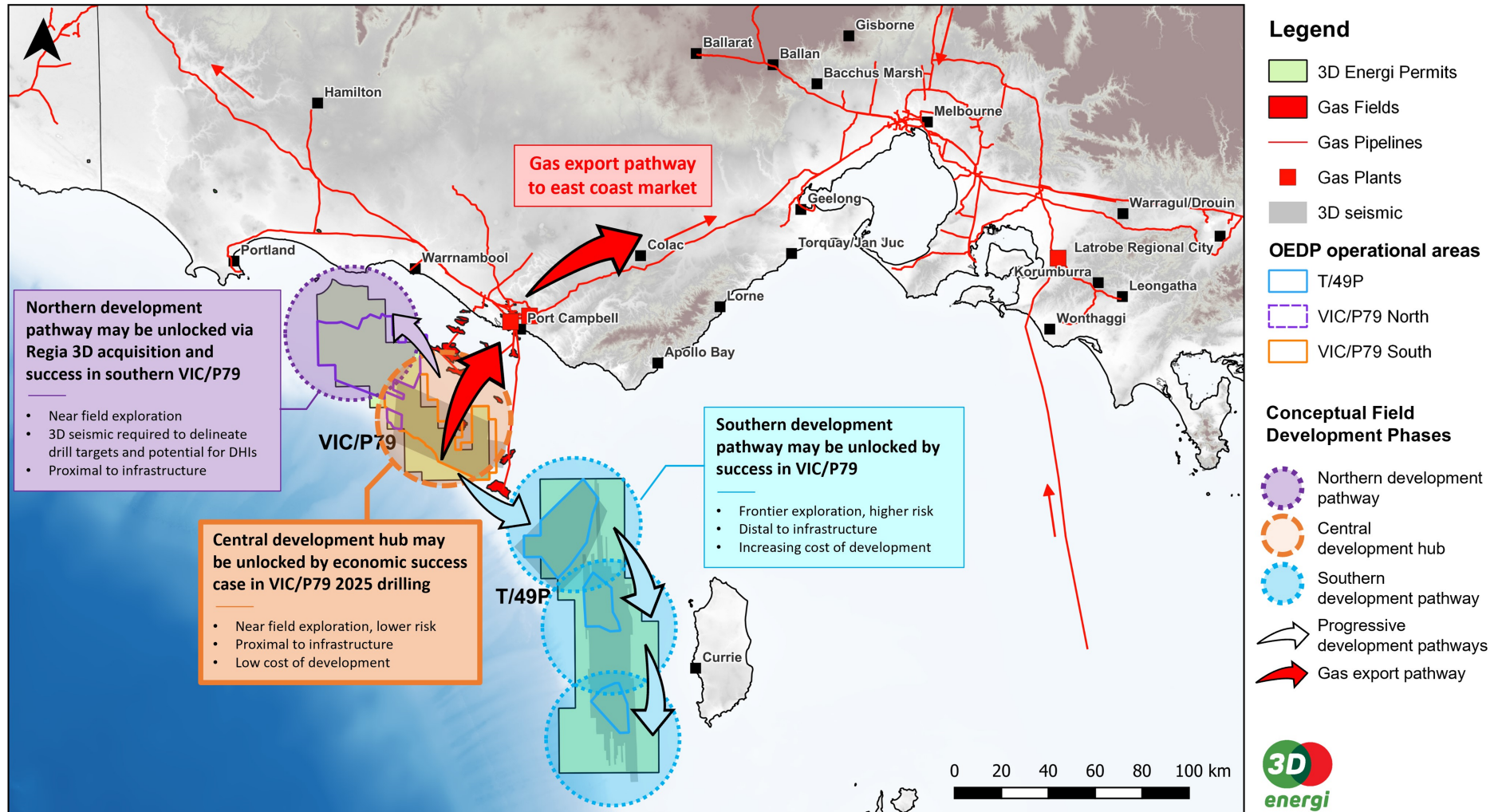
Based on successful exploration results a field development may both; (a) facilitate access to existing infrastructure, access to markets, require a relatively short development period and ready access to a gas market, and (b) provide the platform for continued near-field exploration step outs into both the VIC/P79 North and T/49P operational areas, as well as a hub for future field development expansion along those development pathways (Figure 1).

The VIC/P79 South operational area is high-graded under this scenario due to a strong portfolio of low risk prospects, many with Direct Hydrocarbon Indications (DHIs), located adjacent to existing gas discoveries and infrastructure. A full assessment of the prospectivity in VIC/P79 North requires the acquisition of the Regia 3D seismic survey, which is currently under planning so as to be available ahead of Phase 2 of the OEDP.

T/49P is more distal to existing infrastructure and exploration wells, presenting a higher cost of development and risk. Ongoing evaluation of the Sequoia 3D and reprocessed Flanagan 3D over T/49P will facilitate a revised evaluation of the prospectivity ahead of Phase 2 of the OEDP. Nonetheless the permit offers significant future exploration potential for the JV to explore.

Ultimately, the final selection of well locations is yet to be confirmed and requires the completion of ongoing 3D seismic interpretation studies in VIC/P79 and T/49P. It is important to note that there are many factors that may influence strategy and decisions around any future gas development project in the Otway and the Joint Venture does not currently have regulatory approval for any gas development project.

Figure 1 – A conceptual Otway gas hub development scenario whereby up to 4 exploration wells are drilled in the VIC/P79 South operational area during the upcoming OEDP, potentially unlocking exploration step-outs into VIC/P79 and T/49P operational areas and future field development pathways.



Operational areas for the upcoming Otway Exploration Drilling Program (OEDP)

ConocoPhillips Australia (COPA), as the Operator, continues to plan and prepare for exploration activities in the Otway Basin on behalf of the Joint Venture. COPA has continued to narrow and refine the scope of the proposed exploration drilling activity and operational areas in light of the feedback received from the Environmental Planning process and as a result of the maturation of subsurface data.

Accordingly, three operational areas have been defined, including VIC/P79 North, VIC/P79 South and T/49P (Figure 2), each having their own revised limits on the number of seabed surveys and wells to minimize impacts within each area. These adjustments have been made as a result of ongoing processing of subsurface data and the selection of some areas with a high probability of success.

The maximum number of wells and seabed surveys is capped as shown in Table 1, with some allowance for flexible allocation of surveys and wells within the operational areas (Table 2).

Table 1 – Otway Exploration Drilling Program (OEDP) summary

	Capped maximum number of wells	Capped TDO combined well carry from COPA	Capped maximum number of seabed surveys
Otway Exploration Drilling Program	<u>6</u>	US\$65M*	<u>9</u>
Phase 1 (2025)	2	US\$65M*	-
Phase 2 (2026-2028)	4	-	-

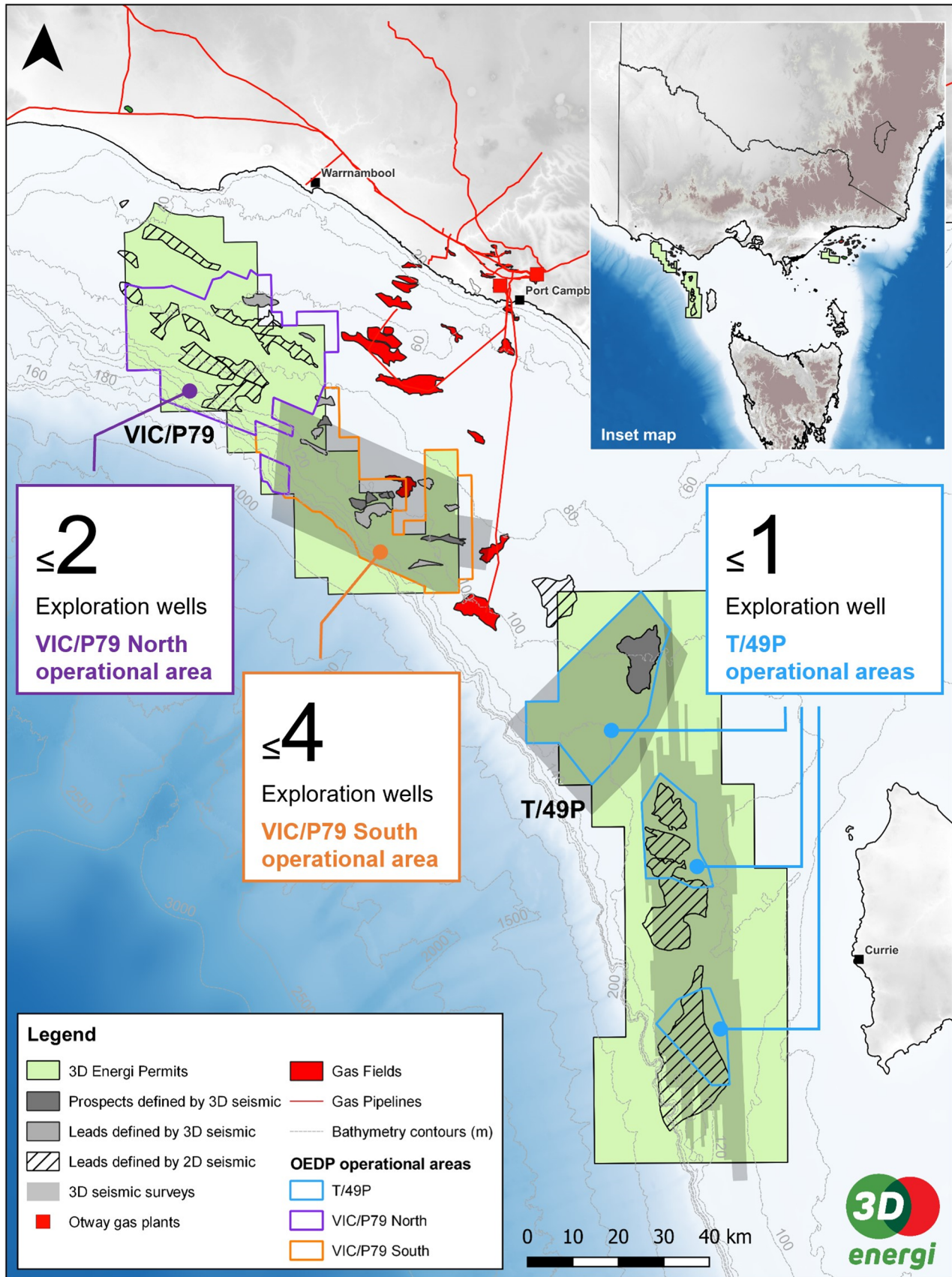
* Consisting of a US\$35M and \$30M well carry

Table 2 – Capped maximum number of exploration wells and seabed surveys per operational area.

Operational Areas	Capped max number wells	Capped max number seabed surveys
VIC/P79 North	2	3
VIC/P79 South	4	5
T/49P	1	2

This means, for example, if we survey 5 locations and drill 4 wells in VIC/P79 South we would drop one survey and one well elsewhere to stay within the cap. Decisions on where seabed surveys and well locations will be within each area are continuing to be developed and will be informed by ongoing analysis and additional data generated throughout the drilling program.

Figure 2 – VIC/P79 and T/49P exploration permits with OEDP operational areas



About the Otway Exploration Drilling Program

The Joint Venture has previously signed a two-well drilling contract as part of a 2025 exploration drilling program (Phase 1), pending regulatory approval, with an additional 120 days of optional drilling (Phase 2) ([TDO ASX release 12 July 2023](#)). The contracted semi-submersible drilling rig, Transocean Equinox, recently mobilised to Australia for a five-well drilling contract and is currently expected to arrive in the Otway during the first quarter of 2025.

The drilling Environmental Plan (EP) is currently under assessment with the regulator, NOPSEMA (National Offshore Petroleum Safety and Environmental Management Authority). The EP proposes seabed surveys and the drilling of up to six exploration wells in exploration permits VIC/P79 and T/49P, located in Commonwealth waters offshore of Victoria and King Island, Tasmania (Figure 2).

Drilling locations for the two wells in Phase 1 of the drilling program are yet to be determined and will depend on the outcome of 3D seismic interpretation results in both VIC/P79 and T/49P. Depending on the timing of this interpretation, well locations will be assigned to the firm phase (Phase 1) of the program and the optional phase (Phase 2) of the program.

This announcement is authorised for release by the Board of Directors of 3D Energi Limited.

Enquiries

Subscribe here to receive the latest news

For further information, please contact:

Noel Newell

Executive Chairman

Email: info@3denergi.com.au

Phone: +61 3 9650 9866



About 3D Energi: 3D Energi Limited is an oil and gas exploration company based in Melbourne, Victoria, with high-impact projects in offshore Victoria and Western Australia.

Forward-looking statements: This announcement contains certain “forward-looking statements”, which can generally be identified by the use of words such as “will”, “may”, “could”, “likely”, “ongoing”, “anticipate”, “estimate”, “expect”, “project”, “intend”, “plan”, “believe”, “target”, “forecast”, “goal”, “objective”, “aim”, “seek” and other words and terms of similar meaning. Finder cannot guarantee that any forward-looking statement will be realised. Achievement of anticipated results is subject to risks, uncertainties and inaccurate assumptions. Should known or unknown risks or uncertainties materialise, or should underlying assumptions prove inaccurate, actual results could vary materially from past results and those anticipated, estimated or projected. You should bear this in mind as you consider forward-looking statements, and you are cautioned not to put undue reliance on any forward-looking statement.

Glossary of Terms

TERM	DEFINITION
3D	Three-dimensional
3D Energi	3D Energi Limited and its subsidiaries
ASX	ASX Limited, trading as Australian Securities Exchange
COPA	ConocoPhillips Australia
DHI	<i>A Direct Hydrocarbon Indicator</i> An anomalous seismic amplitude value that could be explained by the presence of hydrocarbon. Examples include AVO, flat spots and bright amplitudes (conforming with structure).
Environmental Plan (EP)	A document that identifies the environmental risks and impacts of an activity (such as drilling) and details the control measures that will be used to reduce the risks and impacts to as low as reasonably practicable (ALARP). An EP must be accepted by NOPSEMA prior to undertaking the proposed activity.
NOPSEMA	<i>National Offshore Petroleum Safety and Environmental Management Authority</i> NOPSEMA is responsible for ensuring all offshore petroleum and greenhouse gas activities in Commonwealth waters are undertaken in accordance with the Offshore Petroleum Greenhouse Gas Storage (Environment) Regulations 2009 (the Environment Regulations).
Joint Venture	The joint ventures formed pursuant to finalised farmout agreements announced on 11 June 2020 (T/49P) and 16 March 2023 (VIC/P79) by and between 3D Oil T49P Pty Limited and ConocoPhillips Australia SH1 Pty Ltd; and 3D Energi Limited and ConocoPhillips Australia SH2 Pty Ltd, respectively.
NOPTA	<i>National Offshore Petroleum Titles Administrator</i> NOPTA administers titles and data management for petroleum and greenhouse gas (GHG) titles in Australian Commonwealth waters.
OEDP	<i>Otway Exploration Drilling Program</i> The Joint Venture is proposing to undertake an exploration program that consists of seabed surveys and the drilling of up to 6 exploration wells in exploration permits VIC/P79 and T/49P located in Commonwealth waters offshore of Victoria and King Island, Tasmania. Exploration wells will be drilled using a single semi-submersible mobile offshore drilling unit (MODU, rig or drilling rig). Drilling each well typically takes between 30-40 days and may take up to a maximum of 90 days depending on weather and operational delays.
Operator	Company responsible for the exploration, development and production of a petroleum title.
Prospect(s)	A prospect is a potential trap/structure that may contain hydrocarbons, usually defined on 3D seismic, and has undergone significant geological and seismic investigation to evaluate the petroleum system.
Seabed Survey	Seabed surveys are different from a seismic survey. They are designed specifically to map the seabed and directly below the seabed (up to approximately 100 metres), whereas seismic surveys are designed to image the subsurface up to several kilometres below the seabed. Sound generated from seabed survey equipment is significantly lower in intensity and duration than sound produced from a seismic array.
Semi-submersible	A specialised offshore drilling rig with a platform type deck that is buoyant and floats during operations on partially submerged (ballasted) watertight pontoons that are stable and capable of withstanding rough water conditions.
TDO	ASX trading code for 3D Energi Limited.