

Monthly drilling report – January 2014

Release Date: 5 February 2014

Key points

- 17 of 19 oil wells drilled in FY14 to date cased and suspended for future production and testing, representing a success rate of more than 89%
- Acrasia-8 appraisal well in PPL 203 cased and suspended after intersecting 29.8 metres of net oil pay across multiple horizons
- Spitfire-4 appraisal well in PEL 104 cased and suspended after intersecting net oil pay of 13.8 metres in the Birkhead Formation
- Growler-12 appraisal well in PPL 242 cased and suspended by Senex for production testing after intersecting an oil-saturated interval in the Birkhead Formation
- Mirage-5 appraisal well in PPL 213 cased and suspended as a future oil producer, intersecting 12.1 metres of net oil pay in the Murta Formation
- Rigs drilling ahead on Snatcher-11 on the western flank and Mirage-6 in the south

OIL EXPLORATION, APPRAISAL AND DEVELOPMENT

Senex Energy Limited (Senex, ASX: SXY) continued its successful FY14 oil drilling campaign in January, with all four wells drilled during the month to be cased and suspended for further testing. Since 1 July 2013, Senex and its joint venture partners have drilled 19 oil wells and 17 have been cased and suspended for future production and testing.

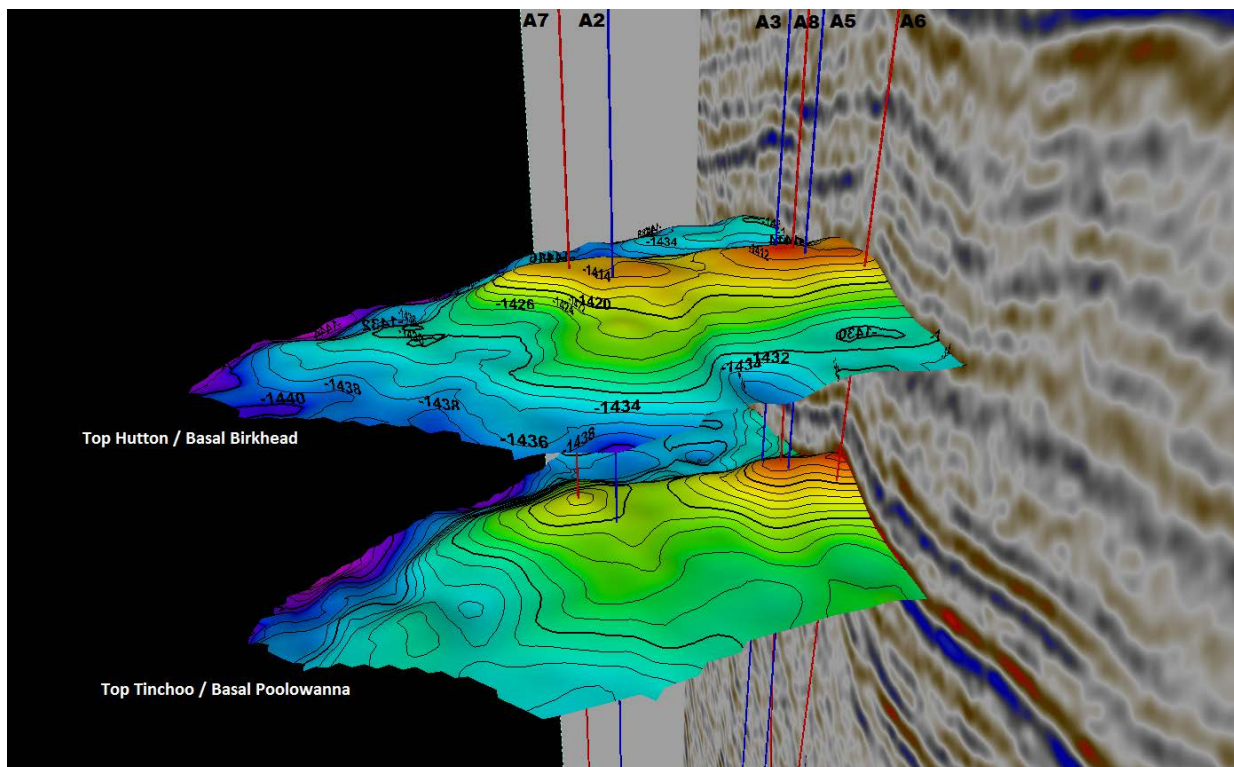
Acrasia-8 appraisal well (PPL 203: Senex 100%)

The Acrasia-8 appraisal well was cased and suspended in January 2014 after intersecting 29.8 metres of stacked oil pay (Figure 1). Interpretation of wireline logs indicates more than 5.1 metres of net pay Birkhead Formation sandstones, 13.6 metres of net pay in the Hutton Sandstone, 10.7 metres in sandstones of the Poolowanna Formation and 0.4 metres in Tinchoo Formation sandstones.

Senex began drilling the Acrasia-8 appraisal well on 30 December 2013 as a follow-up well to the successful Acrasia-6 appraisal well. The well, which is co-located on the Acrasia-6 well pad, was drilled as a directional well and reached total measured depth of 2,525 metres on 22 January 2014.

Acrasia-8 was primarily designed to drain un-swept oil in the Poolowanna oil pool and provide an additional drainage point to accelerate oil production from the Hutton Sandstone. The secondary objectives were to access the Birkhead Formation and test the extent of the upper Tinchoo sandstone oil accumulation intersected by Acrasia-6.

Figure 1: Acrasia oil field showing main Hutton/Birkhead and Tinchoo/Poolowanna reservoirs



Spitfire-4 appraisal well (PEL 104: Senex 60% and Operator)

Ensign Rig 48 commenced drilling the Spitfire-4 appraisal well on 9 January 2014 to appraise the intra-Birkhead sandstone which is the productive reservoir at the nearby Spitfire-2. The well is located approximately 500 metres north west of Spitfire-2, which was drilled in 2012 and intersected an interpreted net pay of 6.5 metres.

Ensign Rig 48 reached total depth of 1,808 metres on 14 January 2014. Interpretation of wireline logs indicates Spitfire-4 intersected a 20.8 metre gross sand interval within the Birkhead Formation, with 13.8 metres of net pay, five metres higher than in Spitfire-2. The well will be completed for production in the Birkhead Formation.

The Spitfire oil accumulation now extends for more than one kilometre from Spitfire-4 to Spitfire-1. Subject to joint venture approval, development drilling will be undertaken to optimise recovery from the field.

Growler-12 appraisal well (*PPL 242: Senex 60% and operator*)

Growler-12 is located 1,400 metres northwest of Growler-3 and was designed to appraise the extent of intra-Birkhead reservoir north of the main Growler field.

Growler-12 spudded on 17 January 2014 and reached a total depth of 1,877 metres on 24 January 2014. The well intersected approximately 6 metres of porous and permeable rock in the Birkhead Formation with good oil shows above the field oil-water contact. However, petrophysical interpretation of the wireline logs could not confirm net pay and it is expected that the section contains poor to moderate quality reservoir.

Senex has cased and suspended the well for production testing at its sole risk. This is consistent with the stated objective of increasing reserves by investigating opportunities to produce from non-traditional reservoir types.

Senex will use Growler-12 to trial the latest in drilling and production enhancement techniques that may be applicable to other nearby wells, which contain oil in the Birkhead Formation.

Mirage-5 appraisal well (*PPL 213: Senex 100%*)

The Mirage-5 appraisal well was cased and suspended as a future oil producer in January 2014 after intersecting 12.1 metres of net oil pay in sandstones of the Murta Formation.

EDA Rig 3 began drilling well on 4 January 2014 and reached total depth of 1,670 metres on 25 January. The well was designed to evaluate the southern extent of the Mirage oil field, which produces from the Murta Formation.

Mirage-6 appraisal well (*PPL 213: Senex 100%*)

EDA Rig 3 is drilling ahead on the Mirage-6 appraisal well, which is designed to test the south-eastern extent of the Murta Formation in the Mirage oilfield. The well spudded on 1 February 2014 and is targeting total depth of 1,456 metres.

Snatcher-11 appraisal well (*PPL 240: Senex 60% and operator*)

Ensign Rig 48 spudded the Snatcher-11 appraisal well on 31 January 2014. The well is designed to appraise the northerly extent of the Birkhead Formation channel approximately 430 metres to the north of Snatcher-9, which intersected 11.2 metres of net pay. The well is targeting total depth of 1,869 metres.

FORWARD OIL DRILLING PROGRAM

Senex is currently drilling the 20th and 21st wells of more than 30 wells planned to be drilled across the Cooper-Eromanga Basin during FY14.

Senex and its joint ventures partners are now reviewing prospects and drilling targets for the next six months. This includes Senex's highly-prospective acreage on the western flank oil fairway as well as its southern and northern permits.

Upcoming drilling targets include:

Warrior-10 appraisal well (*PPL 207: Senex 70% and operator*)

Subject to joint venture approval, Warrior-10 will be drilled approximately 40 metres north of the Pando-1 well. The well is designed to test the lateral extent of oil in the Patchawarra Formation which was first discovered in Warrior-8 where the reservoir flowed oil at 670 barrels per day and gas at 0.7 million standard cubic feet per day during testing. Core will be collected through the Patchawarra interval to provide data for reservoir modelling and correlation with wireline logs. Total depth is expected to be 1,790 metres.

Vintage Crop-4 appraisal well (*PEL 516: Senex 100%*)

Vintage Crop-4 will be drilled 500 metres west of Vintage Crop-1 and will primarily target the McKinlay Member oil accumulation. The Murta and Birkhead formations are secondary targets and total depth is expected to be 1,705 metres.

Vintage Crop-5 appraisal well (*PEL 516: Senex 100%*)

Vintage Crop-5 will be drilled 550 metres south west of Vintage Crop-1. It will primarily target the McKinlay Member oil accumulation and additionally appraise the Birkhead Formation oil accumulation recently intersected in Vintage Crop-3, targeting total depth of 1,716 metres. The well is expected to enhance field recovery and increase proved and probable reserves.

DRILLING REGISTER

Exploration, appraisal and development drilling undertaken in FY14 is shown below. The location of Senex oil fields is shown in Figure 2.

Oil

Well	Location	Spud date	Type	Result*
Worrior-8	PPL 207	22-Jun-2013	Development	Up to 18 metres in the McKinlay, Namur, Birkhead and Patchawarra
Worrior-9	PPL 207	4-Jul-2013	Exploration	Plugged and abandoned
Burruna-2	PEL 115	6-Aug-2013	Exploration	5.3 metres of net pay in the Namur 3,600 bopd during testing
Acrasia-7	PPL 203	24-Aug-2013	Development	7.1 metres of net pay in the Hutton, Poolowanna, Tinchoo and Arrabury
Ventura-2	PPL 214	28-Aug-2013	Development	13.4 metres of net pay in the Murta and McKinlay
Kobari-2	PEL 516	14-Sep-2013	Exploration	Oil shows over 22 metres
Pirie-1 ¹	PEL 105	30-Sep-2013	Exploration	Moderate oil shows in the Birkhead Formation
Dunlop-1	PEL 113	1-Oct-2013	Exploration	Approx 3 metres of net pay in the McKinlay 1,200 bopd during drill stem testing
Moothandella-4 ²	ATP 794P	5-Oct-2013	Appraisal	10 metres of net pay Murta, Namur and Westbourne
Sprigg-1	PEL 514	6-Oct-2013	Exploration	6.3 metres of net pay in the Murta
Pirraminta-2	PEL 514	22-Oct-2013	Exploration	Residual oil. Cased and suspended as a future water well
Burruna-3	PEL 115	8-Nov-2013	Appraisal	Interpreted net pay of approximately 3 metres in the lower Birkhead
Acrasia-6	PPL 203	14-Nov-2013	Appraisal	32.8 metres of net pay in the Hutton, Poolowanna and Tinchoo
Vintage Crop-3	PPL 241	24-Nov-2013	Appraisal	6.9 metres of net pay in the Murta and Birkhead
Growler-13	PPL 242	27-Dec-2013	Exploration	Oil-saturated interval intersected
Acrasia-8	PPL 203	30-Dec-2013	Development	29.8 metres of net pay in the Birkhead, Hutton, Poolowanna and Tinchoo
Mirage-5	PPL 213	04-Jan-2014	Appraisal	12.1 meters of net pay in the Murta
Spitfire-4	PEL 104	09-Jan-2014	Appraisal	13.8 metres of net pay in the Birkhead
Growler-12	PRL 15	17-Jan-2014	Appraisal	Intersected an oil saturated interval
Snatcher-11	PPL 240	31-Jan-2014	Appraisal	Drilling ahead
Mirage-6	PPL 213	01-Feb-2014	Appraisal	Drilling ahead

* Net pay figures represent the latest calculations and may differ from originally published numbers.

Gas

Well	Location	Spud date	Type	Result
Paradise Downs-10 ³	PL 171	13-Aug-2013	Appraisal	Cased and suspended
Kato-3 ⁴	ATP 593P	13-Oct-2013	Exploration	Plugged and abandoned after testing
Kato-4 ⁴	ATP 593P	27-Oct-2013	Exploration	Plugged and abandoned after testing
Indy-3 ⁴	ATP 771P	22-Nov-2013	Exploration	Plugged and abandoned after testing
Indy-4 ⁴	ATP 771P	9-Dec-2013	Exploration	Plugged and abandoned after testing

1 Operated by Tellus Resources
2 Operated by Bridgeport Energy

3 Operated by QGC
4 Core hole not designed for gas production

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Competent person

Information about Senex's reserves and resources estimates have been compiled in accordance with the definitions and guidelines in the 2007 SPE PRMS. The information is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of, Mr James Crowley BSc (Hons) who has consented to the inclusion of this information in the form and context in which it appears in this report. Mr Crowley is a qualified petroleum reserves and resources evaluator, a member of Society of Petroleum Engineers and full time employee of Senex.

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

