

ASX Announcement

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Senex begins Surat Basin drilling campaign

Senex Energy Ltd (Senex, ASX: SXY) has begun its integrated natural gas drilling campaign, representing a major step towards full-scale production from its Surat Basin development projects.

The drilling campaign comprises approximately 110 wells across Roma North and Project Atlas that will deliver natural gas to the 16 TJ/day (~6 PJ / 1 mmbse p.a.) processing facility at Roma North and the 40 TJ/day (~15 PJ / 2.5 mmbse p.a.) processing facility at Project Atlas.

Drilling began at Roma North and will continue to the end of Q1 FY20 when the rig will start drilling at Project Atlas. This reflects an optimised drilling schedule to enable ramp-up of Project Atlas production ahead of gas sales and commissioning of the gas processing facility in late 2019, while minimising gas flaring.

New Project Atlas sales gas volumes will be delivered under recently signed contracts with domestic customers from 1 January 2020.

Managing Director and CEO Ian Davies said this drilling campaign is significant in the transformation of Senex.

“This is an important milestone for Senex as we begin a major drilling campaign to reach our initial gas production target of around 18 PJ of gas per year from the Surat Basin by the end of FY21.

“Our Surat Basin gas development projects will deliver a step-change in production, cash flow and earnings for Senex and its shareholders, and deliver much needed gas volumes to domestic customers.

“The long-life and expandable nature of these projects and our material 2P reserves of natural gas mean we will be delivering gas to the east coast market for decades to come.

“Our progress also demonstrates collaboration and strong relationships with the local community and service providers, which support jobs and help drive project efficiencies”, Mr Davies said.

Senex continues to deliver on stated project milestones to become an important supplier of gas to the east coast market. Over the past 12 months Senex has:

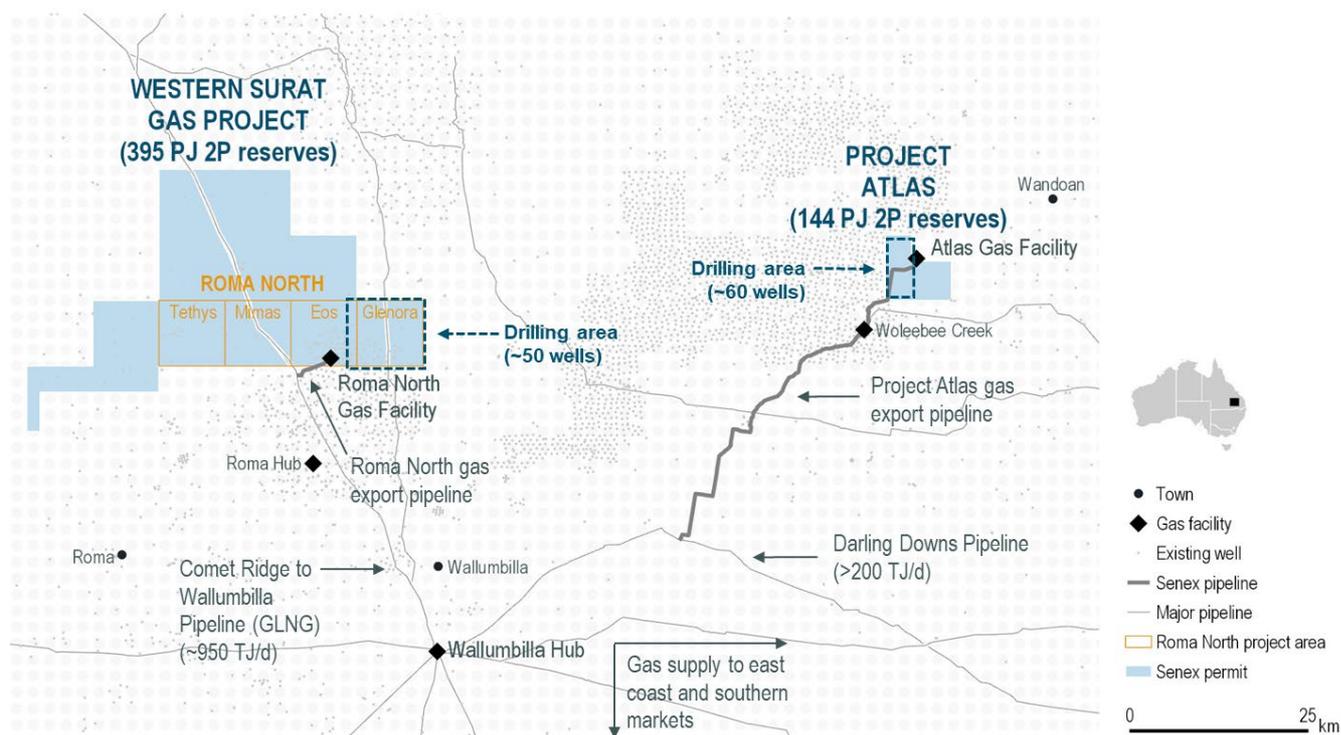
- received all regulatory approvals for Roma North and Project Atlas, allowing full field development;
- secured the low-cost \$150 million ANZ senior secured debt facility for its Surat Basin gas developments;
- proactively hedged oil exposure with over 485,000 boe of production hedged to the end of FY20 at an average price of A\$96 per barrel¹;
- established a \$140 million tolling agreement and infrastructure partnership with Jemena for the Project Atlas gas processing facility and pipeline; Jemena will complete commissioning and start-up in late 2019;
- completed construction and started commissioning of the Roma North gas processing facility and pipeline;
- agreed two domestic gas sales agreements for Project Atlas with large industrial customers; and
- awarded major Surat Basin drilling and construction contracts, and started on-ground works and drilling.

¹ For current hedge profile, refer Q4 FY19 Quarterly Report released 30 April 2019

Construction progressing rapidly in the field

Roma North		Project Atlas	
			
			
			
1 Roma North gas processing facility	2 Separation and compression equipment	7 Commencement of Project Atlas civil works	
3 Separation and compression equipment	4 Separation and compression equipment, with piles for expansion	8 Site for Project Atlas gas processing facility	
5 Well lease pad and pipeline route	6 Typical Surat Basin well lease pad and access road	9 Delivery of gas export pipeline	

Senex Surat Basin gas acreage



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About Senex

Senex is an ASX-listed, growing and independent Australian oil and gas company with a 30-year history. We manage a strategically positioned portfolio of onshore oil and gas assets in Queensland and South Australia, with access to Australia's east coast energy market. Senex is focused on creating sustainable value for shareholders by leveraging our capability as a low cost, efficient and safe explorer and producer.