



11 February 2014

Manager of Company Announcements  
ASX Limited  
Level 8 Exchange Plaza  
2 The Esplanade  
PERTH WA 6000

*By E-Lodgement*

---

## **Drilling and Production Update**

---

Orca Energy Limited (“**Orca**” or the “**Company**”) is pleased to provide the following update with respect to its Cooper Basin and Texas joint ventures.

### **Cooper Basin**

#### **Burruna-3 Discovery Well**

The Burruna-3 discovery well has been fast-tracked for completion with surface facilities planned for installation in February. The well will be completed as a dual zone, selectable, free flow producer where the lower and upper Birkhead sandstones are expected to be productive. In November the well encountered approximately 3m of interpreted net pay in two zones in the lower Birkhead as well as good quality oil and gas shows in the Murta Formation, which is productive in the adjacent Fury (OGY 20%) and Mirage fields.

Initial production rates are predicted to be in excess of 500 bopd with increasing water cut. Once the formation has been proven to flow commercially the internal contingent resource estimates will be reclassified to reserves and released to the market.

#### **Burruna-2 Production Well**

The Burruna-2 production well is currently producing free flow oil from the Namur formation at a rate of approximately 430 bopd with 75% water cut. A proposed work-over in March will involve the installation of an electric submersible pump (ESP) and surface facilities which should approximately double gross fluid production rates and correspondingly increase the volume of oil being produced.

Production and sales for the previous quarter were in excess of 40,000 barrels of oil.

#### **BOARD & MANAGEMENT**

Mr Greg Bandy  
EXECUTIVE DIRECTOR

Mr Jason Bontempo  
NON-EXECUTIVE DIRECTOR

Mr Jeremy King  
NON-EXECUTIVE DIRECTOR

Ms Rebecca Sandford  
Ms Shannon Robinson  
JOINT COMPANY SECRETARY

#### **REGISTERED OFFICE**

Ground Floor  
1 Havelock Street  
West Perth WA 6005

#### **POSTAL ADDRESS**

PO Box 1440  
West Perth WA 6872

#### **CONTACT DETAILS**

Tel: +61 8 9488 5220  
Fax: +61 8 9324 2400

#### **WEBSITE**

[www.orcaenergy.com.au](http://www.orcaenergy.com.au)

#### **SHARE REGISTRY**

Advanced Share Registry  
150 Stirling Highway  
Nedlands WA 6009

#### **ASX CODE**

OGY



## Murta Formation - Contingent Oil Resource

Together with its joint venture partner, Senex Energy Limited (ASX: SXY), Orca has quantified a significant contingent oil resource within the Murta Formation of the Fury JV (Burruna and Fury Blocks). The potential for Murta Formation oil production has been identified and tested from conventional wells, and has been shown to be potentially viable. As a result the following contingent resources have been estimated within the Murta Formation across the Fury JV:

	1C <sup>1</sup>	2C	3C
Contingent Resource <sup>2</sup> (recoverable oil, mmbbls)	0.25	0.52	1.05
Orca Working Interest (mmbbls)	0.05	0.104	0.21
Average recovery factor applied <sup>3</sup>	8%	13%	20%
Oil in place <sup>4</sup> (mmbbls)	2.37	4.08	7.04

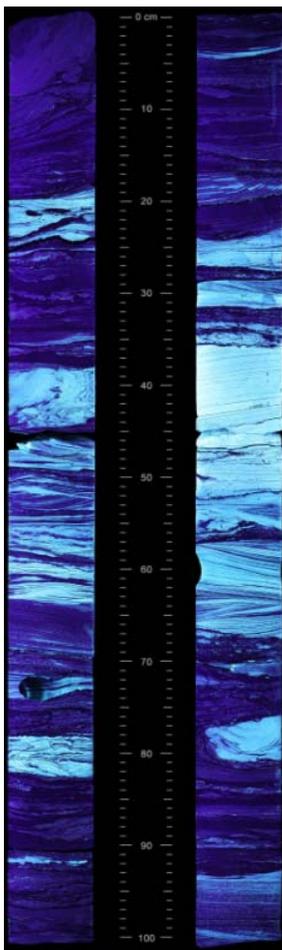
1 The resource classes in the summation were not adjusted for risk

2 The contingent resource estimates are not reserves and do not include reserves within the Murta Formation that are associated with commercially viable production

3 Average recovery factor applied to this contingent resource booking relates to vertical wells without production enhancement

4 Stock tank oil initially in place (STOIIP)

5 The estimates represent arithmetic summation by category. Note that this may cause the 1C resource estimate to be very conservative and the 3C resource estimate to be overly optimistic



Oil fluorescence in Murta core  
under ultra-violet light

### ABOUT THE MURTA FORMATION RESERVOIR

The Murta Formation is a regionally extensive package of thinly interbedded sandstone shale that lies above the primary production reservoirs of the Cooper-Eromanga Basin, as shown below. The formation is commonly found to be highly oil saturated with net pay intervals of 4 metres to 16 metres in thickness.

Oil has been produced from the Murta Formation at Senex-operated fields with initial flow rates ranging from 20 to 200 barrels of oil per day. Production from Senex-operated fields such as Mirage and Padulla demonstrates that while initial production rates are typically modest, the long term stabilised rates are likely to decline at only 3-4% per annum, providing consistent production.

A technical review of the formation in PEL-115 in the southern Cooper-Eromanga Basin revealed large volumes of oil in place. The Burruna-2 cores were highly saturated with oil that conventional wireline logging could not identify. Data from the Burruna-2 core also shows that the formation can be classified as an unconventional resource, where the use of modern production enhancement techniques, such as those used in North America, may increase Murta Formation recovery factors, production rates and overall field economics.

Petrophysical analysis indicates Murta Formation porosity is better developed at Burruna-3 than Burruna-2 at the same depth where oil saturation was identified in core.

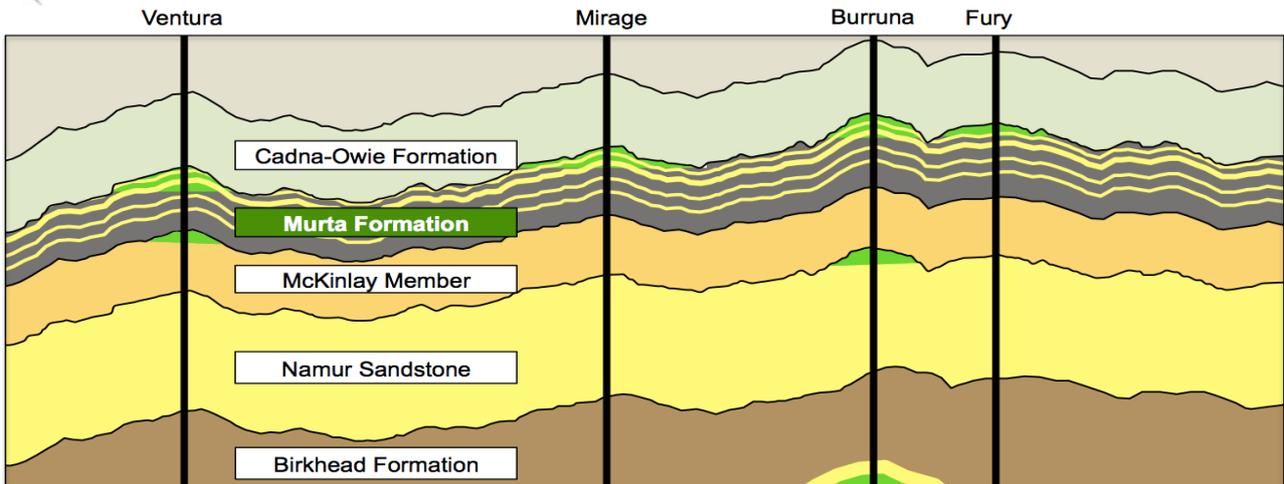


Figure 1 - Murta Formation stratigraphy in the southern Cooper-Eromanga Basin (source: Senex Energy Ltd)

### FORWARD WORK PROGRAM

Subject to regulatory approvals and rig availability, Senex plans to drill a pilot horizontal well to test the productive capacity of the reservoir. The Murta Formation in this region is expected to be intersected at a depth of approximately 1,300 to 1,400 metres (true vertical depth). The pilot well is expected to assess a horizontal section of up to 1,000 metres.

### PEL 110

As announced in the most recent quarterly report, data processing under the Dundinna 3D seismic program commenced following completion of the acquisition phase of the program, which included 177km<sup>2</sup> in PEL 110. Processed data is expected to be available for review at the end of 2Q 2014, to identify drillable prospects for possible drilling program towards the end of 2014.

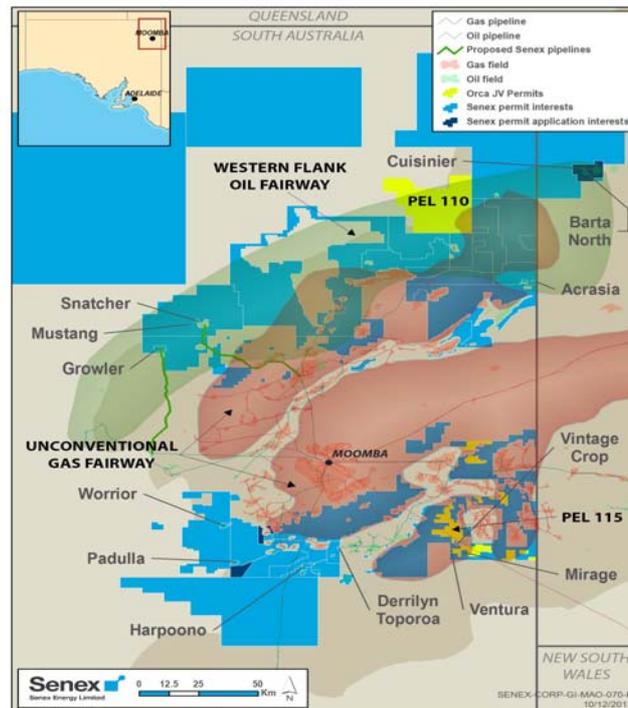


Figure 2 - PEL 110  
(source: Senex Energy Ltd)



## **Texas**

### **Seabiscuit Project**

Orca's Joint Venture partner and operator, Dan A. Hughes Company (Hughes), advises that they are still moving forward with the Seabiscuit prospect, albeit without a specific spud date. Orca understands that Hughes is currently assessing alternative access routes with the intention of lowering overall costs.

With natural gas prices recently reaching a four-year high, Orca remains committed to the project and continues to work with Hughes to expedite the drilling of this highly prospective target.

For and on behalf of the Board

A handwritten signature in black ink, appearing to read 'Greg Bandy', written in a cursive style.

**Greg Bandy**  
**Executive Director**

#### Competent Person Statement

*The Reserve, Contingent and Prospective Resource estimates for the Fury and Burunna Fields outlined in this announcement have been based on and fairly represents information and documents prepared by the Operator and reviewed by Mr Alexander Parks, a qualified petroleum reserves and resources evaluator. Mr Parks is a retained advisor the Company but not an employee of Orca Energy or its subsidiaries. Mr Parks is a Petroleum Engineer with over 15 years of relevant experience is a member of SPE (Society of Petroleum Engineers) PESA (The Petroleum Exploration Society of Australia). Mr Parks has confirmed the resource estimates to fairly represent the resource and consented to the form and context that this statement appears.*