

Kingston Rule-1 unconventional gas exploration well delivers 53 metres of net gas pay

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Senex Energy Limited (Senex) is pleased to report, on behalf of the PEL 115 joint venture, that the Kingston Rule-1 unconventional gas exploration well has delivered 53 metres of net gas pay from the tight gas sands of the southern Cooper Basin as well as 170 metres of shale and coal.

Key points

- Senex spudded the Kingston Rule-1 unconventional gas exploration well on 21 October 2012 and reached total depth of 2,872 metres on 21 November 2012.
- The well intersected a total of 53 metres of net gas pay, with 9 metres of pay in the Epsilon Formation and 44 metres of pay in the Patchawarra Formation tight gas sands.
- The well also intersected 150 metres of shale and close to 20 metres of gas charged coal.
- Mud logs confirmed the presence of liquids rich hydrocarbons in the Permian section.
- Kingston Rule-1 is being cased and suspended for fracture stimulation and production testing in early 2013.
- Senex has increased its stake in PEL 115 from 55% to 80%.

In the southern Cooper Basin, Senex completed drilling its fourth operated unconventional gas exploration well, Kingston Rule-1, in PEL 115 (Senex 80% and Operator, Orca Energy Limited (ASX: OGY) 20%). Kingston Rule-1 is located approximately 15 kilometres south east of Senex's successful unconventional gas exploration well Skipton-1 and approximately six kilometres north west of Senex's promising Talaq-1 unconventional gas exploration well (both in PEL 516, Senex 100%).

Weatherford Rig 826 reached total depth of 2,872 metres on 21 November 2012 is being cased and suspended ahead of fracture stimulation and production testing in early 2013.

Wireline logs indicate the well intersected nine metres of net gas pay in the Epsilon Formation and 44 metres of net gas pay in the Patchawarra Formation. In addition, the well intersected 84 metres of shale in the Roseneath Formation, 66 metres of shale in the Murteree Formation and nearly 20 metres of gas charged coal in the Patchawarra Formation.

During drilling and coring, high gas readings were recorded in the shales of the Epsilon Formation and the tight gas sands and deep coal seams of the Patchawarra Formation. Mud logs also confirmed the presence of liquids rich hydrocarbons in the Permian section.

Senex Managing Director Ian Davies said the results from Kingston Rule-1 confirm the Company's confidence in the unconventional gas potential of the southern Cooper Basin.

"Fifty-three metres of net gas pay is an excellent result. Coupled with the impressive quantum of shale and coal, the outcome continues to validate our strategic acquisition of Cooper Basin acreage over the last two years.

"We look forward to seeing the results of production testing at our four dedicated unconventional gas wells in the new year," he said.

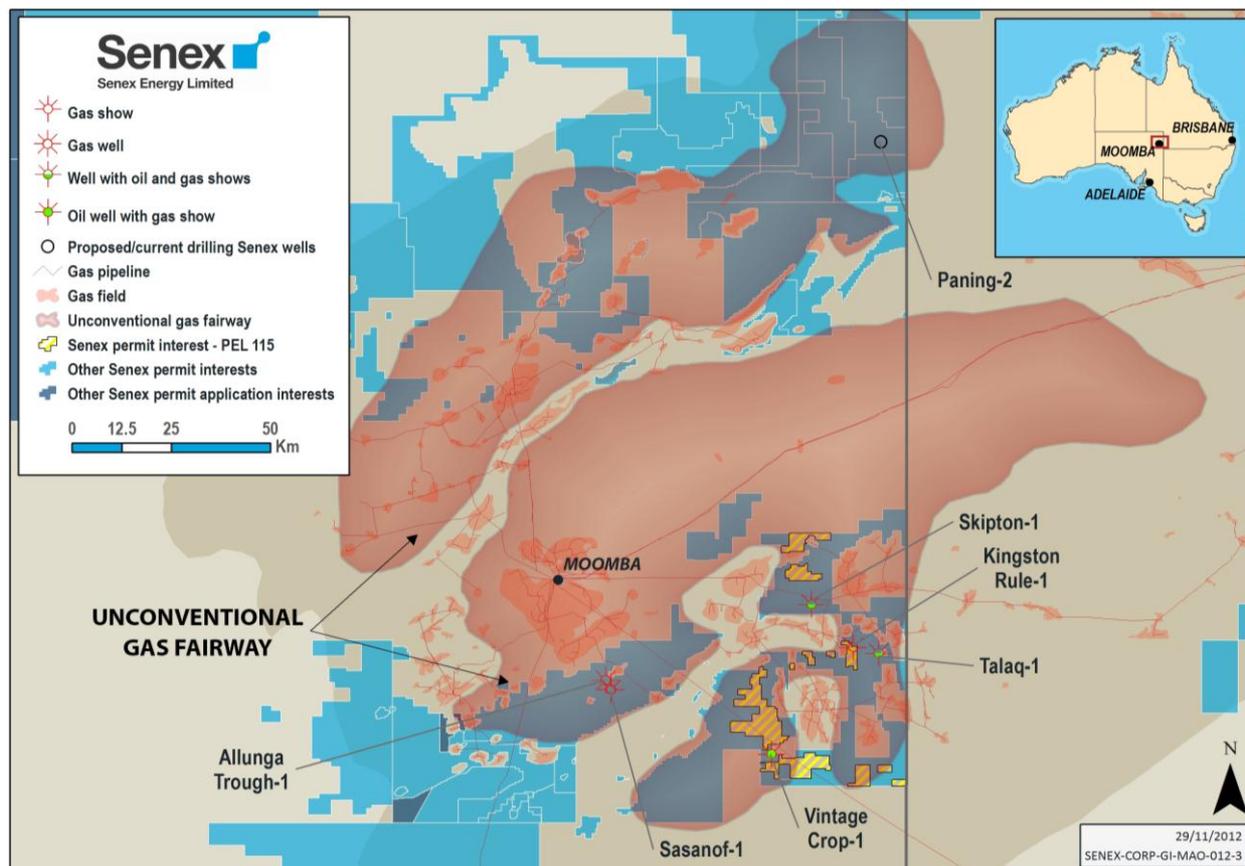
In early 2013, Senex expects to commence a large scale hydraulic fracture stimulation program of its unconventional gas wells in the southern Cooper Basin to test gas quality and deliverability.

After Weatherford Rig 826 is released from Kingston Rule-1, it will move to Senex's northern Cooper Basin acreage to drill Paning-2, the first of its 12-well program announced in July 2012.

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Figure 1: Senex unconventional gas exploration activities



Competent persons statement

Unless otherwise indicated, the statements contained in this drilling report about Senex’s reserves estimates have been compiled by Dr Steven Scott BSc (Hons), PhD, who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE PRMS). Dr Scott consents to the inclusion of the estimates in the form and context in which they appear. Senex’s reserves and resources are consistent with the SPE PRMS.