

Senex commences five well fracture stimulation program

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Senex Energy Limited (ASX:SXY, Senex) has commenced a large scale fracture stimulation program on its unconventional gas exploration wells in the South Australian Cooper Basin, beginning with Skipton-1 in PEL 516 (Senex 100%).

The five well program aims to delineate unconventional gas resources in several Senex permits in the southern and northern South Australian Cooper Basin.

Senex has successfully drilled three new dedicated unconventional gas exploration wells in its southern permits (Skipton-1, Kingston Rule-1, and Talaq-1). A fourth well, Paning-2 in the northern Cooper Basin, has successfully been drilled and is currently being cased. Senex observed significant zones of net gas pay within all of these wells.

This program involves fracture stimulation and flow testing of these wells, along with the existing Hornet-1 well which flowed gas to surface during drilling in 2004. Senex expects this program will provide information on post-fracture production rates and detailed information to allow the refinement of fracture stimulation design within tight gas sands, shales and deep coals in the Cooper Basin.

In particular, the program seeks to determine the fracture complexity and orientation within both the primary target Patchawarra Formation sands and the secondary targets Roseneath, Epsilon and Murteree shale and tight sand package and the Toolachee and Patchawarra coals.

Senex Managing Director Ian Davies said the fracture stimulation program would provide valuable information for the appraisal and testing of its unconventional gas assets in the Cooper Basin.

“For Senex, this is another major step forward in the appraisal of our highly prospective unconventional gas assets,” he said.

Senex expects the current program will result in the certification of material contingent resources. Measurement of gas flows from these wells will influence the design and location of pilot programs required for longer term production testing and reserves certification.

Upon completion of the Skipton-1 program, Senex will fracture stimulate Kingston Rule-1, Talaq-1, Hornet-1 and Paning-2. The fracture stimulation program will be completed over a two month period, with flow testing to continue into the June quarter 2013.

The location of all Senex unconventional gas wells in the Cooper Basin is shown in Figure 1.

Skipton-1 (PEL 516, Senex 100%)

Skipton-1 intersected more than 75 metres of net gas pay in the Patchawarra Formation and 164 metres of gas charged Roseneath and Murteree shales. The intersection of the Patchawarra Formation included a well-developed sandstone reservoir with oil and gas shows present throughout this section, demonstrating the liquids rich nature of the gas discovery. Wireline and mud logs confirmed material quantities of hydrocarbons outside of structural closure, indicating the hydrocarbons form part of a basin-centred system.

The multi-stage fracture stimulation of this well will target tight gas sands within the Patchawarra Formation and one zone in the Murteree Shale.

Kingston Rule-1 (PEL 115, Senex 80%, Orca Energy Limited (ASX:OGY) 20%)

Kingston Rule-1 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 Murteree and Roseneath Shales. Mud logs confirmed the presence of liquids rich hydrocarbons throughout the Permian section. The well is located 15 kilometres southeast of Skipton-1.

The multi-stage fracture stimulation of this well will target tight gas sands within the Patchawarra and Epsilon formations.

Talaq-1 (PEL 516, Senex 100%)

Talaq-1 was drilled in mid-2012 to a total depth of 2,879 metres. High gas readings were observed throughout the Permian section during drilling. Analysis of the mud logs and fluorescence has confirmed the presence of liquids rich hydrocarbons in the Epsilon Formation and the uppermost Patchawarra Formation. In addition, thick gas charged Permian coals were encountered and will be the initial focus of this fracture stimulation program.

This fracture stimulation program in Talaq-1 is specifically designed to test the potential of the Permian coals and will target a regionally extensive coal package which occurs across PEL 516 and PEL 115 in the Southern Cooper Basin.

Hornet-1 (PEL 115, Senex 80%, Orca Energy 20%)

Hornet-1 was drilled by Victoria Petroleum in 2004 and intersected gas shows in the Epsilon Formation and 28 metres of net gas pay in the Patchawarra Formation. Two drill stem tests were conducted on this well and resulted in gas flowing to surface.

The multi-stage fracture stimulation of this well will target additional tight gas sands within the Patchawarra Formation.

Paning-2 (PEL 90, Senex 100%)

Final planning for fracture stimulation in Paning-2 is currently underway. The potential targets include Patchawarra, Epsilon, Tirrawarra and Toolachee tight gas sands, and coals in the Patchawarra, Epsilon and Toolachee Formations.

Further updates will be provided throughout this program.

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ABOUT SENEX

Senex Energy Limited (ASX: SXY) is an Australian energy business that is playing a leading role in rediscovering the Cooper Basin – the country’s largest onshore oil and gas province. Senex has grown rapidly over the last two years, with a thriving conventional oil business and highly prospective unconventional gas acreage in the South Australian Cooper Basin. For more information, visit www.senexenergy.com.au.

Figure 1: Senex unconventional gas wells in the Cooper Basin

