

Monthly drilling report – February 2013

Release Date: 6 March 2013

Key points

- Senex Energy Limited (**Senex, ASX: SXY**) cased and suspended northern Cooper Basin unconventional gas exploration well Paning-2 after intersecting 117 metres of net gas pay.
- Senex completed hydraulic fracture stimulation of Skipton-1 and Kingston Rule-1 unconventional gas wells in the southern Cooper Basin.
- Clean-up activities and production testing of these unconventional gas exploration wells will take place in March 2013.
- A five-well oil appraisal and development campaign was approved for Cuisinier oil field in Queensland Cooper Basin permit ATP 752P, with drilling expected to commence in March 2013.
- Senex will drill a second well at Vintage Crop oil field in March 2013.

UNCONVENTIONAL GAS EXPLORATION

Paning-2 confirms material gas volumes in the Patchawarra Trough

During February, Senex cased and suspended Paning-2 in northern Cooper Basin permit PEL 90 (Senex 100%) after the well intersected 117 metres of net gas pay in the tight sands and deep coals of the Patchawarra Trough (refer Figure 1).

Senex recovered 22 metres of core samples from the Toolachee coals to allow analysis of gas content and petrophysical properties. The well also intersected tight sands and coals of the Epsilon and Patchawarra formations, equivalent to the zones that flowed gas in Paning-1. Senex estimates potential gas in place of 2.1 trillion cubic feet (Tcf) in the deep coals with additional material gas volumes in the tight Permian sands.

Weatherford Rig 826 commenced drilling the well on 15 December 2012 and reached a total depth of 3,180 metres. Paning-2 is the first exploration well to target the unconventional gas potential of the region, specifically testing the Permian tight sand and deep coal sequences across the Patchawarra Trough. The well is located 1.2 kilometres southwest of Paning-1, which was drilled in 1980. The well will be fracture stimulated later in 2013.

Figure 1 – Net gas pay in the Patchawarra Trough

Formation	Thickness (metres)
Tight sands	47
• Lower Poolawanna	9
• Epsilon	22
• Patchawarra	16
Deep coals	70
• Toolachee	32
• Epsilon	13
• Patchawarra	25
Total net gas pay	117

Flow-back underway at Skipton-1

Senex has completed fracture stimulation of the Skipton-1 unconventional gas exploration well in southern Cooper Basin permit PEL 516 (Senex 100%). Post-stimulation clean-up activities and production testing are now underway, with initial results expected in coming weeks.

At Skipton-1, Senex stimulated seven zones in the Patchawarra tight gas sands and one zone in the Murteree Shale. Skipton-1 is the first well to be stimulated as part of Senex's current program.

Hydraulic fracture stimulation completed at Kingston Rule-1

In late February, Senex completed hydraulic fracture stimulation of the unconventional gas exploration well Kingston Rule-1 in PEL 115 (Senex 80% and Operator; Orca Energy Limited (ASX: OGY) 20%) which was drilled in 2012.

A total of five zones were fracture stimulated as part of the current program: four in the Patchawarra Formation and one in the Epsilon Formation. Recovery of gas from this well will confirm the existence of trapped tight gas on the western flank of the Mettika Embayment that has the potential to be economically produced.

Flow-back commenced earlier this week, with initial results expected in coming weeks.

The locations of Senex's unconventional gas exploration activities are shown in Figure 2.

OIL EXPLORATION, APPRAISAL AND DEVELOPMENT

Five-well drilling campaign underway at Cuisinier oil field

It is expected that Santos Limited (Santos, ASX: STO) will commence drilling the first of a five well oil appraisal and development campaign at Cuisinier oil field in Queensland Cooper Basin permit ATP 752P (Senex 15%; Santos 45% and Operator) in March. The wells will target the Cuisinier Murta oil accumulation with the objective of appraising the field and developing additional oil reserves.

Second well planned for Vintage Crop oil field

Senex will drill the Vintage Crop-2 appraisal well in Vintage Crop oil field in Cooper Basin permit PPL 241 (Senex 100%) to test the Murta and McKinlay oil plays, targeting a total depth of 1,700 metres. The well is located approximately 1.5 kilometres north east of the Vintage Crop-1 exploration well which was drilled in 2011. Ensign Rig 48 has mobilised to site and drilling is scheduled to commence shortly, when weather permits.

The location of these oil fields is shown in Figure 3.

COAL SEAM GAS BUSINESS

Senex and its joint venture partners plan to drill a total of 11 coal seam gas wells and one ground water monitoring well during 2013. This includes five wells carried over from the 2012 program.

Senex will drill two core holes in each of Senex's western Surat Basin permits ATP 593P and ATP 771P (Senex 45% and operator in both permits) beginning in the June quarter. The core holes will further test the extent of the resource and build additional proved and probable (2P) reserves.

Current plans will see QGC, as Operator in PL 171 (Senex 20%) and ATP 574P (Senex 30%), commence drilling in May 2013.

In late February 2013, Senex increased its share of 2P reserves to 156.6 petajoules (PJ) across its four coal seam gas interests in Queensland's Surat Basin. Net gas reserves and resources increased by 15% to 598 PJ.

The location of Senex's coal seam gas assets is shown in Figure 4.

DRILLING REGISTER

Exploration, appraisal and development drilling undertaken in 2012/13 is shown below:

Well	Location	Spud date	Type	Result	Net pay (metres)
Cuisinier North-1*	ATP 752P	2-Jul-2012	Oil exploration	Successful	Oil: 2.0 m
Mustang-1	PEL 111	4-Jul-2012	Oil exploration	Successful	Oil: 4.0 m
Kruger-1**	PEL 516	23-Jul-2012	Oil exploration	Unsuccessful	N/A
Indy-1	ATP 771P	24-Jul-2012	CSG appraisal	Successful	Coal: 7.26 m Shale: 5.25 m
Lawton-5***	PL 171	25-Jul-2012	CSG appraisal	Successful	Coal: 41.86 m Shale: 22.35 m
Snatcher-6	PPL 240	30-Jul-2012	Oil development	Successful	Oil: 5.2 m
Lawton-8***	PL 171	4-Aug-2012	CSG appraisal	Successful	Coal: 36.19 m Shale: 16.93 m
Indy-2	ATP 771P	7-Aug-2012	CSG appraisal	Successful	Coal: 12.60 m Shale: 7.30 m
Skipton-1	PEL 516	15-Aug-2012	Unconventional gas exploration	Fracture stimulation completed, flowback underway	Tight sand: 75 m Shale: 164 m
Alex-10***	PL 171	15-Aug-2012	CSG appraisal	Successful	Coal: 37.16 m Shale: 18.18 m
Tomcat-1	PEL 111	16-Aug-2012	Oil exploration	Unsuccessful	N/A
Snatcher-7	PPL 240	28-Aug-2012	Oil development	Successful	Oil: 7.5 m
Peebs-9***	ATP 574P	15-Sep-2012	CSG appraisal	Successful	Coal: 24.93 m Shale: 15.53 m
Snatcher-10	PPL 240	18-Sep-2012	Oil appraisal	Successful	Oil: 10.0 m
Peebs-11***	ATP 574P	21-Sep-2012	CSG appraisal	Successful	Coal: 32.33 m Shale: 16.78 m
Snatcher-8	PPL 240	30-Sep-2012	Oil development	Successful	Oil: 14.1 m
Kingston Rule-1	PEL 115	21-Oct-2012	Unconventional gas exploration	Fracture stimulation completed, flowback underway	Tight sand: 53 m Shale: 150 m Deep coal: 20 m
Snatcher-9	PEL 111	2-Nov-2012	Oil appraisal	Successful	Oil: 11.2 m
Spitfire-2	PEL 104	17-Nov-2012	Oil exploration	Successful	Oil: 6.5 m
Paning-2	PEL 90	15-Dec-2012	Unconventional gas exploration	Cased, awaiting fracture stimulation	Tight sand: 47 m Deep coal: 70 m

* Operated by Santos

** Funded 100% by Ambassador Oil & Gas

***Operated by QGC

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Figure 2: Senex unconventional gas exploration activities

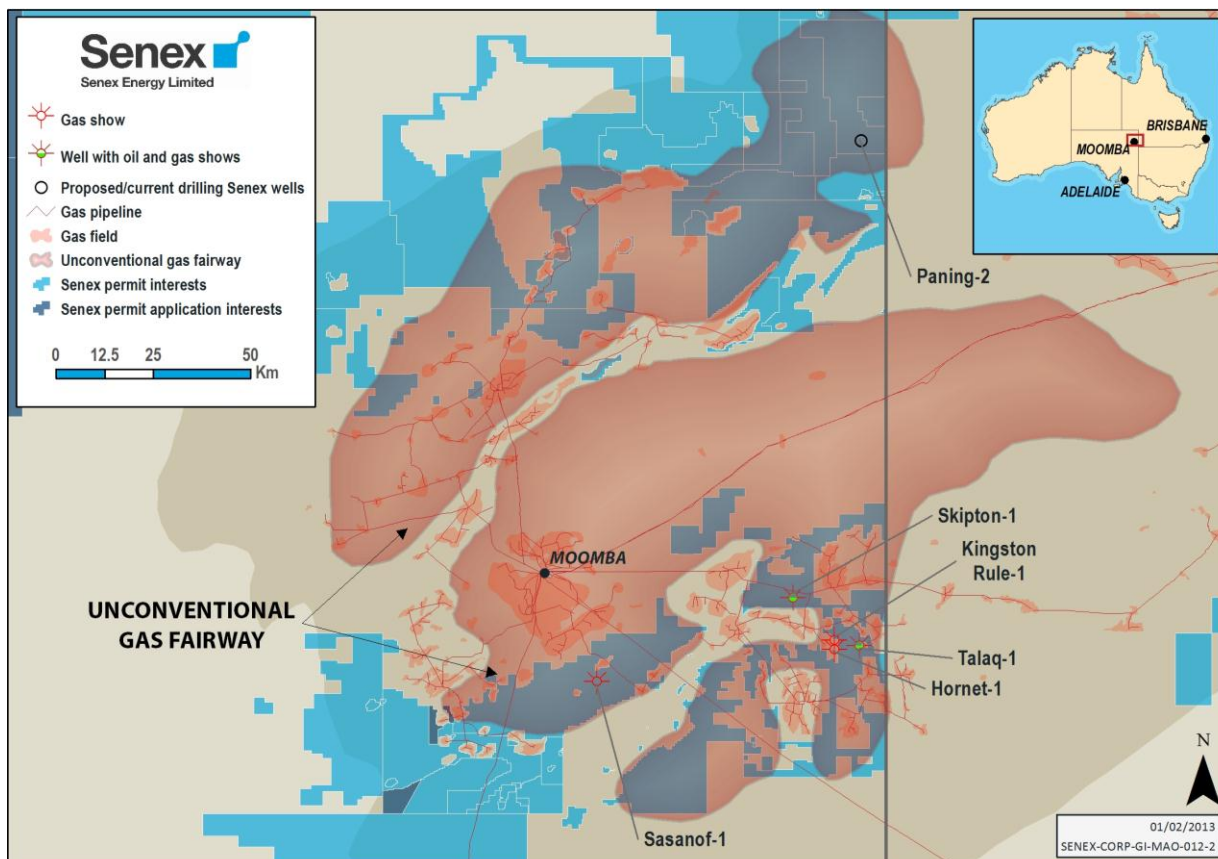


Figure 3: Senex conventional oil fields

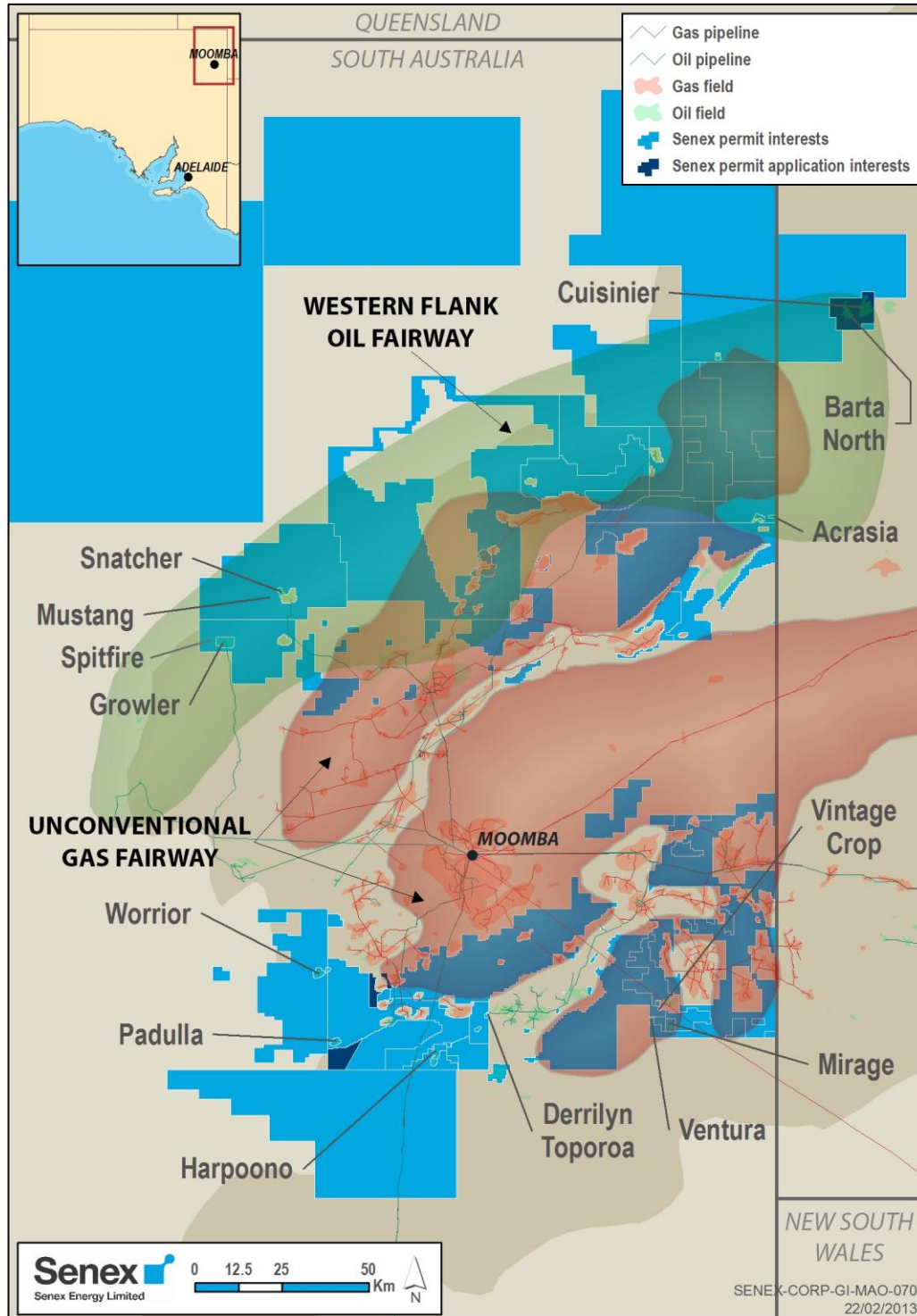
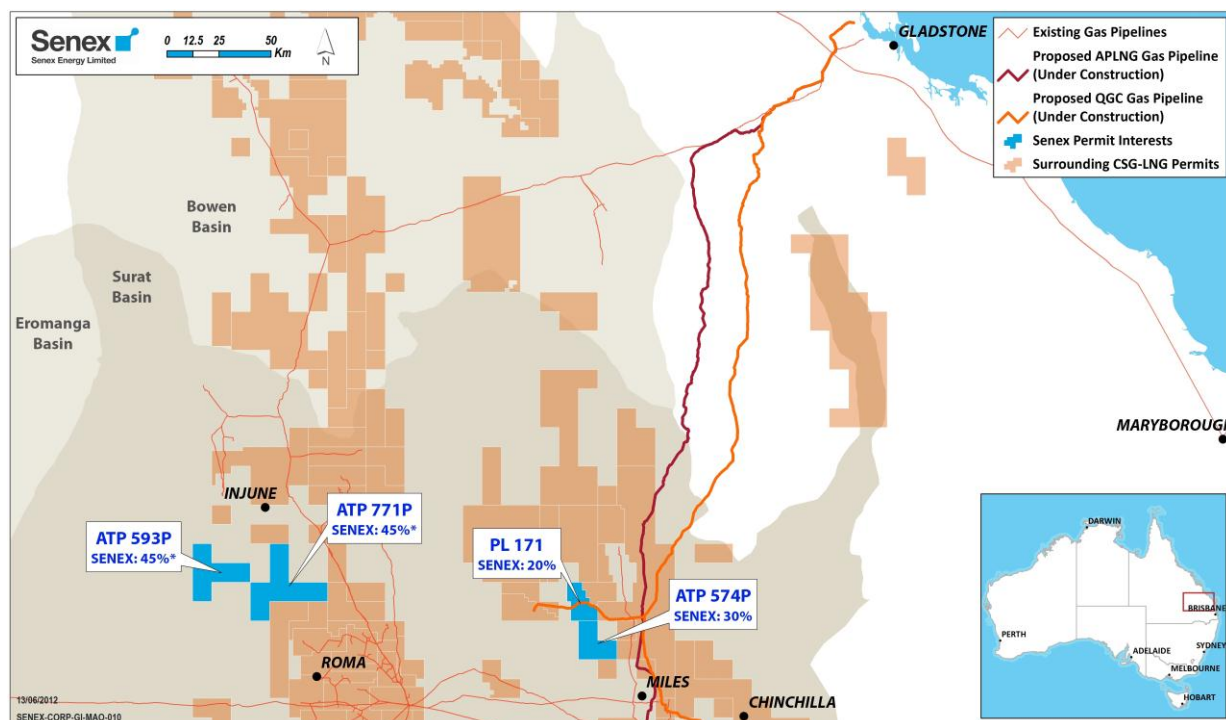


Figure 4: Location of Surat Basin permits



*Senex is the Operator

Competent person statement

Unless otherwise indicated, the statements contained in this drilling report about Senex’s reserves estimates have been compiled by Mr James Crowley BSc (Hons), who is General Manager – Exploration and Development, 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). Mr Crowley 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.