



Horizon Oil Limited ABN 51 009 799 455
Level 6, 134 William Street, Woolloomooloo NSW Australia 2011
Tel +61 2 9332 5000, Fax +61 2 9332 5050 www.horizonoil.com.au

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The Manager, Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

HORIZON OIL (HZN) BEGINS PRODUCTION FROM INFILL WELLS ON THE WZ 12-8W AND WZ 12-8M FIELDS IN CHINA

Horizon Oil advises that two infill wells located in the Weizhou 12-8 Fields of Block 22/12, Beibu Gulf, People's Republic of China, have commenced production.

With combined initial production test rates of almost 3,500 bopd these infill wells have exceeded expectations.

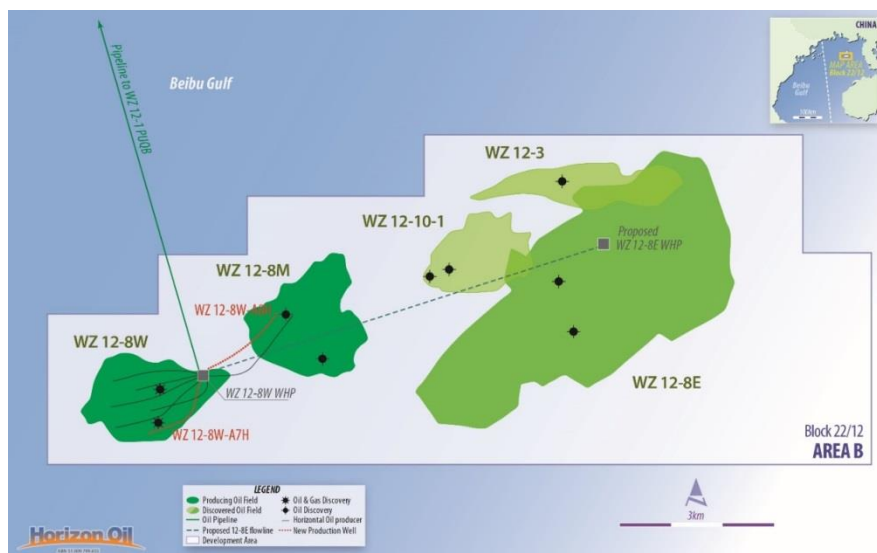
The WZ 12-8W-A7H and -A8H wells will deliver near term incremental production to the existing WZ 12-8W production facility and will provide valuable reservoir data to determine production and reservoir performance in both the WZ 12-8W and WZ 12-8M oil pools.

Production from these wells will be further optimised to meet long-term reservoir management objectives.

CHIEF EXECUTIVE OFFICER, MICHAEL SHERIDAN'S COMMENTS

The drilling, completion and commencement of production of the A7H and A8H infills wells have been an outstanding demonstration of CNOOC's operating capability and efficiency. This, coupled with strong technical engagement with Roc Oil (Fosun), resulted in an offshore drilling and well completion program that was incident free, carried out in 28 days, compared with the budgeted 37 days, with materially greater reservoir penetration than planned, aided by a high degree of directional drilling accuracy.

While the initial production tests results for the infill wells of 3,500 bopd (gross) are themselves very positive, CNOOC's continued strong operating performance further enhances Horizon Oil's confidence in the proposed development of the Weizhou 12-8 East oil field (see map below). The continued realisation of such operating efficiencies and optimised drilling performances, should enhance the prospects for the 12-8 East development to be a long-lived oil development with robust economics.



The infill wells were batch-drilled commencing 6 July 2018 with the *HYSY941* jack-up rig.

The WZ 12-8W-A7H horizontal well was drilled to develop the Miocene T41 sandstone located on the southern flank of the WZ 12-8W Field and intersected 600 m of oil bearing sand (100% net to gross) between 1,560 m and 2,160 m MD. The well was completed for production. The well was cleaned-up through a 28/64" choke and is currently producing at 2,175 bopd (GOR of 98 scf/bbl and a water cut of 7% with the well still cleaning up).

The WZ 12-8W-A8H horizontal well was drilled to develop the Miocene T42 sandstone located on the northern extent of the WZ 12-8M Field, intersected 552 m of oil bearing sand (100% net to gross) between 1,911 m and 2,463 m MD. The well was completed for production. The well was cleaned-up through a 28/64" choke and is currently producing at 1,320 bopd (GOR of 19 scf/bbl and a water cut of 20% with the well still cleaning up).

Participants	CNOOC (Operator)	51.00%
	Horizon Oil (Beibu) Limited	26.95%
	Roc Oil	19.60%
	Majuko Corp	2.45%
	Total	100.00%

All depths quoted are measured depth (MD) from the *HYSY941* jack-up rig rotary table.

Michael Sheridan
Chief Executive Officer

For more information please contact:

Horizon Oil Limited
Michael Sheridan Chief Executive Officer

T: +61 2 9332 5000

F: +61 2 9332 5050

E: info@horizonoil.com.au

Level 6, 134 William St
Woolloomooloo NSW 2011

horizonoil.com.au

Media enquiries

Gavan Coltery
ResourceComms Pty Ltd

M: +61 419 372 210

E: gavan@resourcecomms.com

