

18 May 2018

## ASX Release

# **SM71 Project Well Production and Performance Update**

- Byron's net revenue for April 2018 is expected to be approximately USD\$2.4 million (net of royalties and transportation costs)
- Gross April sales for the SM71 platform were 92,700 bbls of oil and 67 million cubic feet of gas
- Combined gross production from the F1 and F3 wells is averaging 4,200 bopd in May
- Bottom hole pressure data for the F1 and F3 wells matches geologic expectations
- The F2 well is currently fluctuating between 300 and 500 bopd and has experienced a pressure decline indicating a smaller reservoir than mapped for B65

Byron Energy Limited ("Byron" or the "Company") (ASX: BYE) would like to provide the following update on well performance and production at its operated South Marsh Island 71 ("SM71") project in the Gulf of Mexico.

As noted in the Company's recent ASX releases, oil and gas production from the Byron operated SM71 F platform began in late March 2018 when the SM71 F1 and F2 wells were opened to production. In early April, the SM71 F3 well also began producing. The F1 and F3 wells are completed in the primary D5 Sand reservoir and the F2 well is completed in the B65 Sand, a secondary exploration target.

Total April gross oil and gas sales volumes for all three wells were approximately 92,700 barrels of oil and 67 million cubic feet of gas (Byron's net production after federal royalties was 37,650 barrels of oil and 27.1 million cubic feet of gas). The Company's approximate April net revenue is USD\$2.42 million. During the month of April, the F1 and F2 wells each produced a total of 23 days and the F3 produced a total of 20 days. April production totals also include a scheduled 4-day pipeline shut in period.

Since production began in March, the SM71 F platform sales have totalled over 170,000 barrels of oil and 135 million cubic feet of gas gross (69,600 barrels of oil and 54.8 million cubic feet of gas net to Byron) through 16 May 2018.

Based on observations of pressure build-ups during the scheduled April pipeline shut in, Byron collected flowing and bottom hole pressure data to further evaluate well performance and confirm optimal production rates in early May. Although final analysis is not yet available, several general conclusions can be drawn for each reservoir. Final data analysis will not be available for a few weeks and if more material information becomes known, the Company will make further releases.

#### D5 Sand (F1 and F3 wells)

Acquired bottom hole pressure data indicates that the D5 Sand completions in the F1 and F3 wells exhibit very little pressure drawdown across the perforations. This data also shows that the D5 Sand is a high permeability reservoir, which is further evidenced by the high flow rates from each well.

The bottom hole pressure survey data indicates that the F1 and F3 well intersections of the D5 Sand are entirely consistent with the Company's pre-drill mapping and expectations. Both the F1 and F3 wells are performing as expected with daily production consistently averaging 4,200 bopd from the D5 Sand which are appropriate rates for these wells based on the bottom hole pressure data.

### B65 Sand (F2 well)

Bottom hole pressure data from the F2 well indicates that there is no near wellbore damage and the B65 Sand reservoir also has high permeability. However, the F2 well is experiencing reservoir pressure depletion. The bottom hole pressure data indicates the B65 Sand has lost over 50% of its initial reservoir pressure and as the pressure has dropped, so have daily oil and gas rates. Currently, the F2 well is fluctuating between 300 and 500 bopd. The bottom hole pressure survey data indicates the B65 Sand intersection in the F2 well is in a limited trap area and may be disconnected from the larger prospect area observed on seismic data in some manner.

The F2 well has never produced any completion fluids and has produced at rates exceeding 1,500 bopd at times, but without stabilisation. Further analysis of the bottom hole pressure data is being undertaken and analysed to help determine if the B65 Sand completion has some communication to a larger area. The B65 Sand will be one of many focus areas of the recently announced seismic processing project Byron is undertaking with Schlumberger's subsidiary WesternGeco to help determine the placement of future wells.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and holds a 50% working interest and a 40.625% net revenue interest in SM71. Otto Energy Limited group (ASX: OEL) holds the remaining interest in SM71.

#### **CEO Comment**

Maynard Smith, Byron's CEO had this to say regarding the performance of the SM71 wells:

"The performance of the F1 and F3 wells is entirely in line with our expectations. Each well continues to perform at high levels and have been very consistent on a daily basis. While the data from the F2 well is unexpected, it is not yet clear what the result will be. Pure depletion drive oil reservoirs are very rare, and we hope that the well will find a stable level and behave more like other B65 Sand producers in the area."

"Coupled with consistent production and strong oil prices, the F1 and F3 wells are providing strong cash flow for our company and will be managed properly to ensure steady income to fund our program of growth in the Gulf of Mexico across our other leases."

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## **About Byron:**

Byron Energy Limited ("Byron or the Company') (ASX: BYE) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron's experienced management team has a proven record of accomplishment of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company's website at www.byronenergy.com.au.