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Company Announcements Office  
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## Cambay-77H – Flowback continues

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Oilex Ltd (ASX: OEX, AIM: OEX) is pleased to provide an update in relation to flowback operations at Cambay-77H. As announced on 17 September 2014, the chemical treatment and well intervention was completed and a significant improvement in recovery rates has been observed.

During flowback operations Oilex planned to replace the frac tree with a standard production tree. As part of removing the frac tree, two (2) retrievable bridge plugs (RBP) are set in the well as safety barriers against the well flowing. In this instance, the first plug did not set and seal properly and moved downhole where it became stuck. Recovery operations were successfully completed in ~ 13 days.

Subsequent to the operations described above and further chemical treatment, flowback and clean-up again recommenced including recovery of frac water, oil and gas and the well exhibited significantly improved performance.

While the flowing tubing head pressure remains quite high compared to previous flow periods, nitrogen lift and reduced choke settings are being utilised to minimise the re-introduction of potential blockages. From 1130 hours 04 October to 0600 hours 06 October 2014, after a second acid treatment subsequent to the recovery of the RBP:

- Average liquid (oil and water) recovery rate – 229 barrels per day
- Average gas rate – 0.41 MMscfd, (excluding nitrogen)
- Estimated 76% of the frac water recovered
- Choke size varied between 20 - 22 (64<sup>ths</sup> inch)
- Average flowing tubing head pressure – 857 psig

Efforts are underway to optimise all the operational parameters for the well to improve the water recovery, including ceasing to use nitrogen lift, to hasten commencement of the production test. As this is a proof-of-concept well and the first well of this type to achieve flow back in the Cambay Basin, valuable data and information is being compiled for use in future activities.

**Managing Director of Oilex, Ron Miller, said;**

“Oil and gas continue to be produced along with recovery of frac water. Oil is sold to a local refinery and the application process to sell Cambay-77H gas has commenced. It is unfortunate that the RBP malfunctioned, especially after the contractor had twice successfully completed the same operation on Cambay-77H. Setting aside the operational delays to recover the RBP and clean the well bore, Oilex is pleased with the well’s performance at a relatively small choke. Flowback is all about removing the water put into the reservoir during frac and coil tubing operations, as this impairs the hydrocarbon production rates. We look forward to the improved water recovery leading to better oil and gas production.”

**For and on behalf of Oilex Ltd**



**Ron Miller**  
**Managing Director**

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**Qualified Petroleum Reserves and Resources Evaluator statement**

Pursuant to the requirements of Chapter 5 of the ASX Listing Rules, the information in this report relating to petroleum reserves and resources is based on and fairly represents information and supporting documentation prepared by or under the supervision of Mr. Peter Bekkers, Chief Geoscientist employed by Oilex Ltd. Mr. Bekkers has over 17 years experience in petroleum geology and is a member of the Society of Petroleum Engineers and AAPG. Mr. Bekkers meets the requirements of a qualified petroleum reserve and resource evaluator under Chapter 5 of the ASX Listing Rules and consents to the inclusion of this information in this report in the form and context in which it appears. Mr. Bekkers also meets the requirements of a qualified person under the AIM Note for Mining, Oil and Gas Companies and consents to the inclusion of this information in this report in the form and context in which it appears.