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The Manager
Company Announcements
ASX Limited
Exchange Centre
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Sydney NSW 2000

HORIZON COMMENCES 12-8 EAST DRILLING PROGRAMME IN BLOCK 22/12, BEIBU GULF, CHINA

Horizon is pleased to advise that development drilling operations have commenced on the Weizhou 12-8 East Project of Block 22/12, Beibu Gulf, People's Republic of China.

The COSL owned Strike drilling rig has commenced operations and is currently drilling the 12 ¼" hole section of the A2H production well.

The seven well drilling programme is targeting oil in the WZ12-8 East area and includes:

Participants:		
CNOOC (Operator)	51.00%	- the A1H production well into the Weizhou reservoir
Horizon Oil (Beibu) Ltd.	26.95%	- the A2H, A3H, A4H, A5H and A6H production wells into the Jiaowei reservoir
Roc Oil	19.60%	
Oil Australia Pty Ltd.	2.45%	
Total	100.00%	- the A7 well, which will target a Weizhou exploration opportunity prior to it being converted into a Jiaowei water disposal well.

Roc Oil is operating the drilling and early production phases of the WZ12-8 East Project. The drilling programme is expected to conclude towards the end of July.

Horizon intends to provide the market with regular updates during the drilling and early production phases.

Horizon CEO, Chris Hodge added:

"Commencement of the 12-8 East drilling programme marks another important milestone in the progression of the project. We can now look forward to the production of first oil within the next month.

Noting that project FID was achieved in October 2020, it is a credit to the constructive working relationship between CNOOC, Roc Oil, Oil Australia, and ourselves that we have been able to move so quickly towards our goal of commissioning a third production hub in the Block 22/12 licence area.

Not only does the 12-8 East Project increase Horizon's net reserve position and near-term production forecast, it confirms the ongoing strategy of the joint venture to pursue the considerable value remaining in the area."

About the WZ12-8 East Project

The WZ12-8 East Project represents the first phase of a possible multi-phase development, depending on the production performance of this first phase. The initial phase will use a total of five production wells to develop the western side of the large Jiaowei reservoir and one production well from the smaller nearby Weizhou reservoir. Further development of the Jiaowei reservoir will be considered by the joint venture following the first phase results.

The WZ12-8 East Project utilises the HYSY163 self-elevating wellhead platform which is being leased by the joint venture from the contractor CEDC. The platform is linked to the existing WZ12-8 West platform via a new pipeline and subsea power cable, with oil then exported via existing CNOOC facilities to CNOOC's Weizhou Terminal.

Production is forecast to commence in the next month. Roc Oil is operating the development of the WZ12-8 East Project, with CNOOC assuming operatorship approximately six months following the commencement of production. The remaining development costs are to be internally funded using Horizon's existing cash reserves and field production revenue.



COSL Strike Rig positioned over the 12-8E platform and installing the conductors

Authorisation

This ASX announcement is approved and authorised for release by the Company Secretary.