

# Phoenix South-3 – drilling update

26 April 2018



Carnarvon Petroleum Limited ("Carnarvon") (ASX:CVN) is pleased to provide the following update on the drilling of the Phoenix South-3 well as advised by the operator, Quadrant Energy.

## Progress

Since the last report, after setting the 36" surface conductor, the well has been drilled down to a depth of around 1,500 metres Measured Depth ("MD") in 26" hole size.

## Current Operations

The well is currently running the 20" intermediate casing.

## Forward Plan

The 20" casing will be set and cemented in place prior to the installation of the Blowout Preventer ("BOP"). Following pressure testing and functional testing of the BOP, the rig will commence drilling the 17 ½" hole. These operations are planned to take around 5-7 days to complete.

## Well Objective

The primary objective for the Phoenix South-3 well is to evaluate the gas and condensate potential of the Caley Member within a large, faulted anti-clinal closure that was partially penetrated with the Phoenix South-2 well.

Phoenix South-2 encountered gas and condensate in the Caley Member but was unable to drill through and evaluate the formation. The Phoenix South-3 well has been optimally designed to penetrate and evaluate the hydrocarbon bearing formations of the Caley Member.

Phoenix South-3 is located around 560 metres North-North East of the Phoenix South-2 well. The well will target a closure that is estimated by Carnarvon to contain a gross mean recoverable prospective resource of 489 Bscf of gas and 57 million barrels of associated condensate (being 143 million barrels of oil equivalent ("boe"), gross, Pmean) – Refer to ASX Announcement on 28 March 2017.

**Carnarvon Petroleum**

Quadrant Energy (*Operator*)

**20%**

**80%**

Yours faithfully

A handwritten signature in black ink, appearing to read "Adrian Cook".

Adrian Cook

Managing Director

Carnarvon Petroleum

**Shareholder enquiries:**

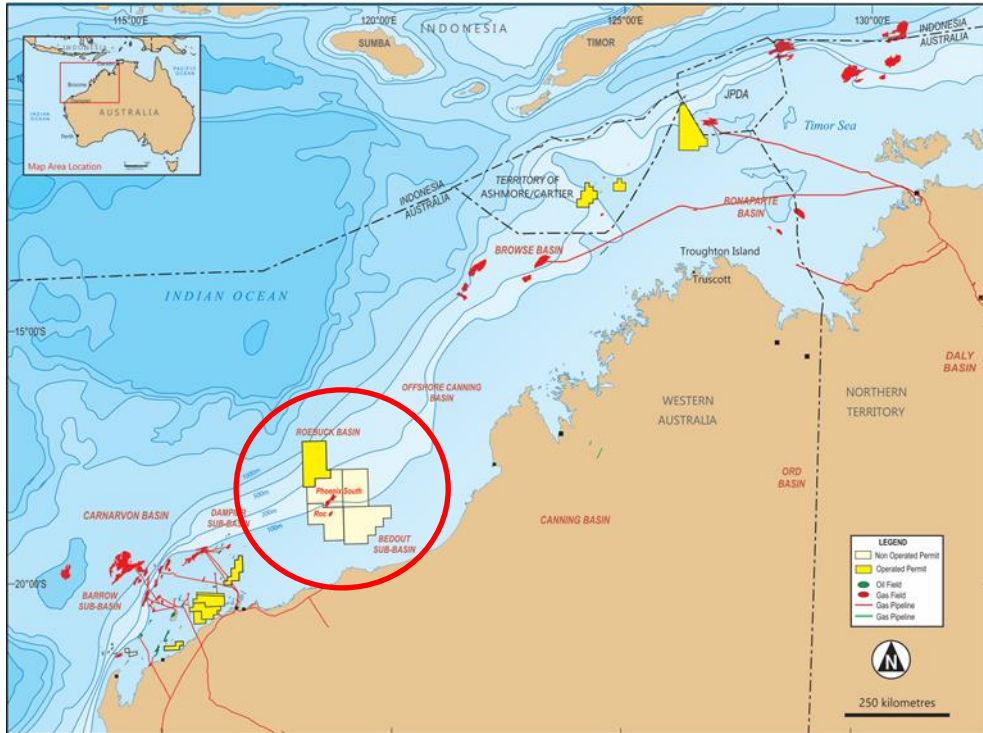
**Mr Thomson Naude**

Company Secretary

Phone: (08) 9321 2665

Email: [investor.relations@cvn.com.au](mailto:investor.relations@cvn.com.au)

**Figure 1 – Location of the Phoenix Project**



**Figure 2 - Location of the Phoenix South-3 well within the project**

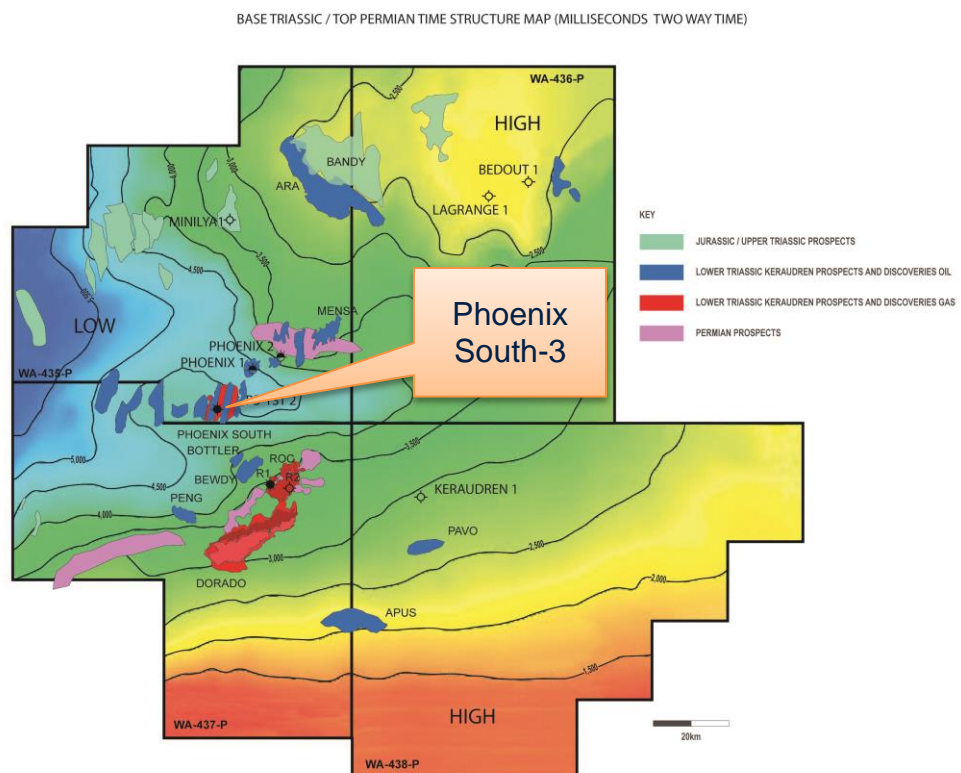


Figure 3: Caley depth map and positioning of the Phoenix South-3 well

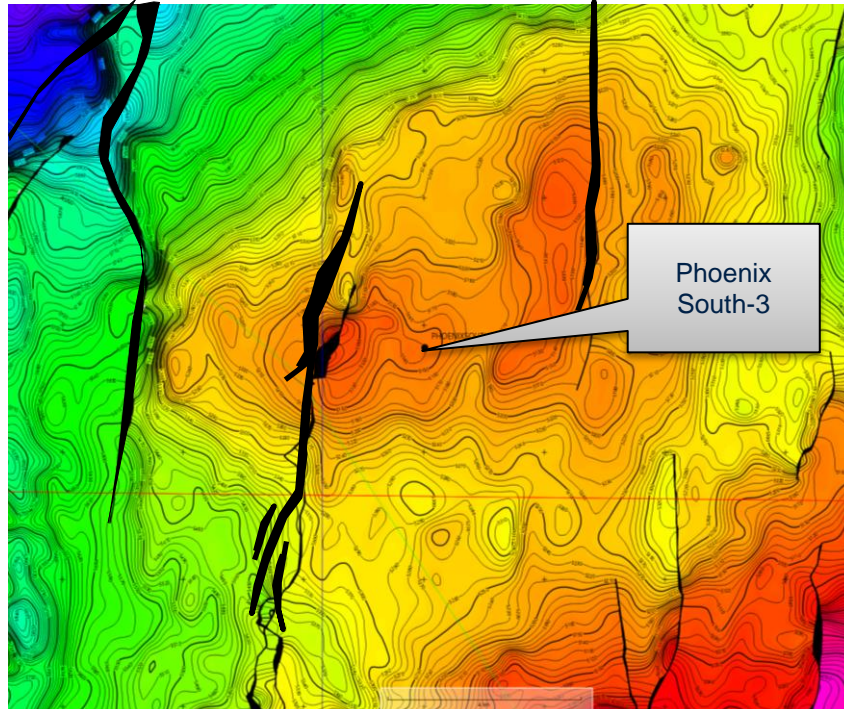
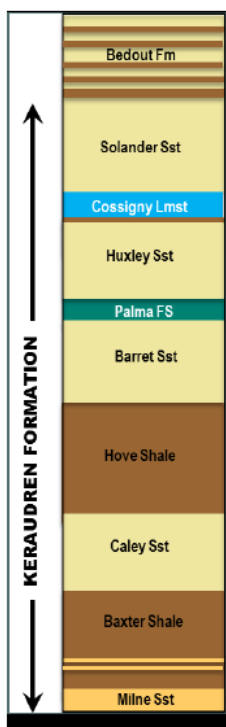


Figure 4: Geological formation diagram



Primary objective is to evaluate the gas and condensate discovered in Phoenix South-2 at the **Caley Sandstone** within the Keraudren Formation

### **Cautionary Statement**

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

### **Resources**

All contingent and prospective resources presented in this report are prepared as at 23 April 2018 (Reference: CVN ASX release of 23 April 2018). The estimates of contingent and prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS and have been prepared using probabilistic methods.

Carnarvon is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

### **Competent Person Statement Information**

The Resource estimates outlined in this report were compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 20 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering and a Masters Degree in Petroleum Engineering. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

### **Forward Looking Statements**

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.