

## October Drilling Report

- Santos preparing to drill Varanus South-1 well in the Western Cooper Wet Gas area, the first under the new joint venture in PEL 513
- Western Flank development campaign kicks off with successful Bauer-14 oil well
- Two development wells currently being drilled in PEL 91, Bauer-15 and Bauer-16
- Two Eastern Margin wells successfully deepened and cased and suspended
- Two additional appraisal wells cased and suspended: Canunda-2 in the Western Cooper Wet Gas area and Juniper-3 in the Northern Cooper

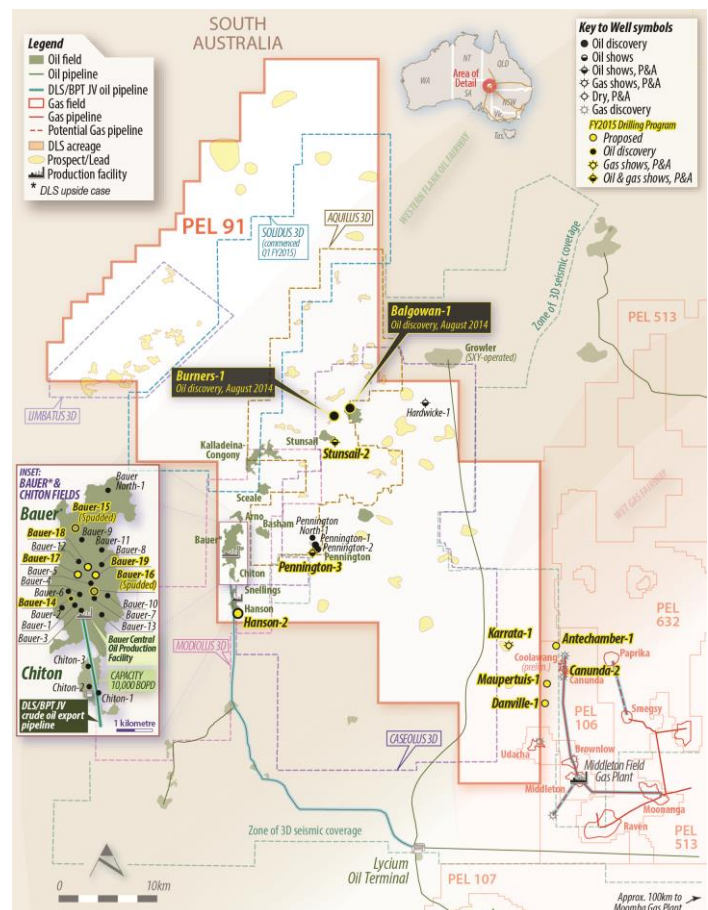
### Oil Business

#### Western Flank Oil Fairway - PEL 91

The PEL 91 joint venture (Drillsearch 60%, Beach 40% and Operator) has an active drilling campaign underway, with 18 wells planned for FY2015, and two oil discoveries already announced at Balgowan-1 and Burners-1.

The next stage of the FY2015 program is a six-well development campaign across the prolific Bauer oil field. The first well of the campaign, Bauer-14, located in the southwest section of the field, spudded on 11 October 2014 and following completion was cased and suspended as a future producer. The joint venture currently has two rigs at Bauer, with two development wells underway, Bauer-15 and Bauer-16. Bauer-15 is in the northerly section of the field, while Bauer-16 is one of four wells to be drilled in a cluster in the centre.

Drilling of the Pennington-3 appraisal well began in late September and was completed in early October. Pennington-3 was drilled as an aggressive step-out appraisal well to determine field and facility sizes for future development of the Pennington field. The well was plugged and abandoned after insufficient pay was identified for it to be deemed economic.



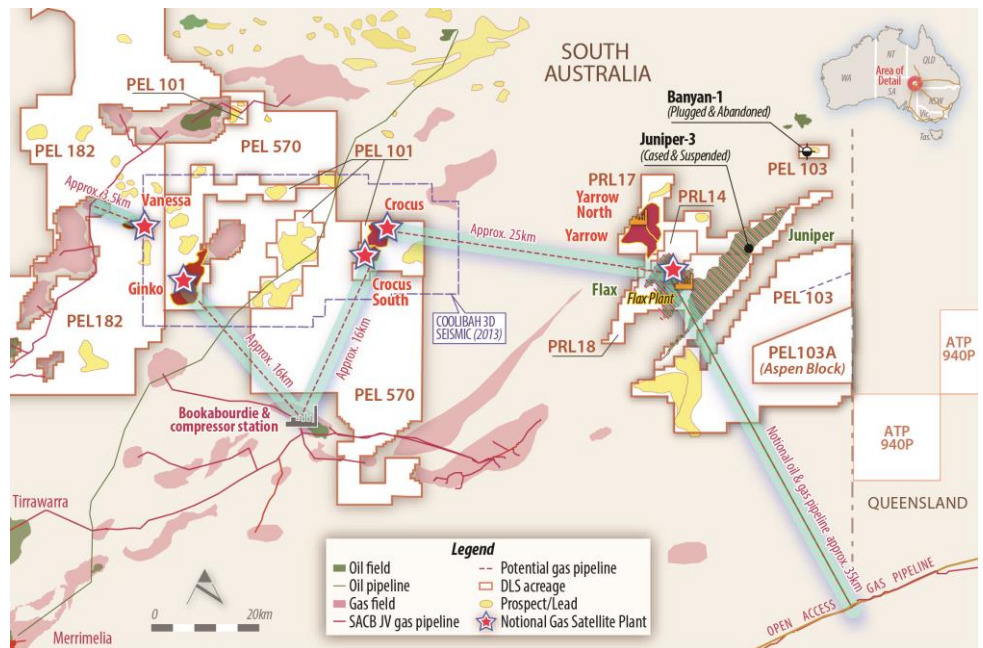
#### Eastern Margin Oil Fairway - ATP 299

In ATP 299 on the Eastern Margin, the joint venture (Drillsearch 40%, Santos 60% and Operator) completed two well deepening campaigns from the FY2014 campaign that were held over to the current financial year. Ipundu North-5 and Ipundu North-7 previously both produced from the Wyandra Sandstone. Both wells were successfully deepened through the Murta Formation where they intersected pay, and as a result, both have been cased and suspended as future Murta producers.

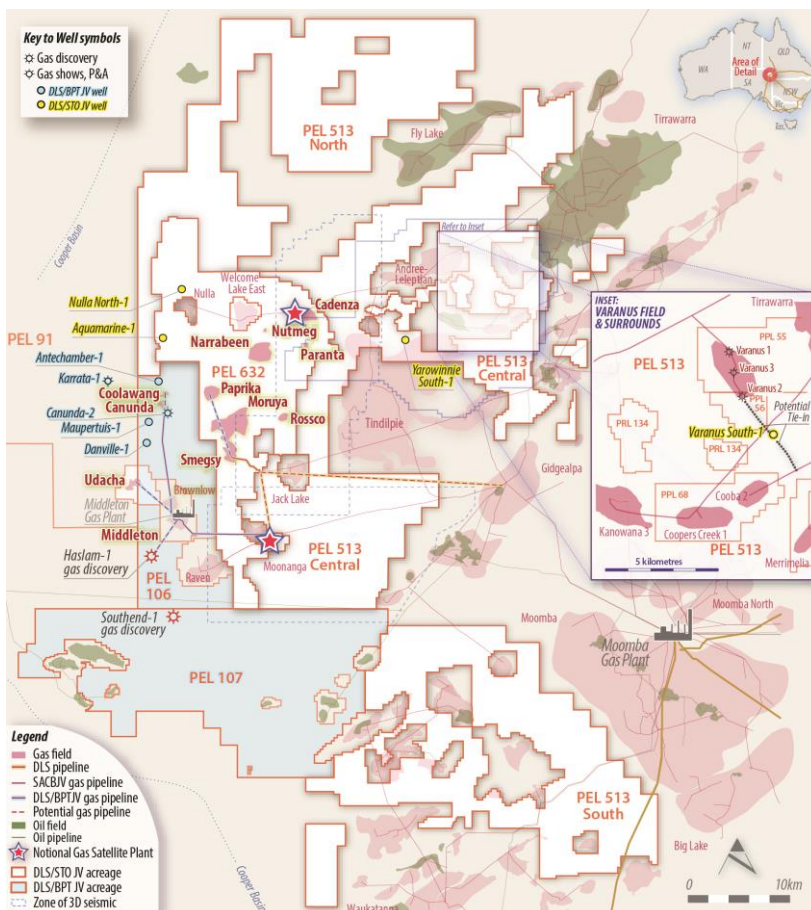
## Northern Cooper Gas and Liquids Project Area – PRLs 14, 17, 18, PEL 103

In PRL 14, the Flax-1 well was recompleted during October as a dual-zone producer using a sliding sleeve, following successful hydraulic stimulation. During October, nitrogen lifting was used on the well as part of the technical and commercial work required to allow the restart of production and the reinstatement of the Flax facilities. This work program is ongoing.

Also in the Northern Cooper, the company successfully appraised the Juniper tight oil field. The Juniper-3 well was drilled in PRL 17 during October as an aggressive step out appraisal well and the first well drilled in the Juniper field using 3D seismic. The well is located approximately 6km to the northeast of the Juniper-1 discovery well and encountered pay intervals in the lower Patchawarra Formation. The well successfully established the northeast extension of the field and was cased and suspended for future testing and hydraulic stimulation.



## Wet Gas Business



### Western Wet Gas Fairway - PELs 513, 106

Santos is preparing to drill the first well as part of its farm in to the Wet Gas joint venture announced with Drillsearch in mid-2013 (Drillsearch 40%, Santos 60% and Operator). The Varanus South-1 well in PEL 513 is a vertical exploration well to assess the anticlinal structure immediately north of the Cooba gas field, with the liquids-rich Patchawarra Formation Sandstones being the primary target. Rig mobilisation occurred in late October and the rig is on site. Proposed total depth is 3,135m.

In early October, the Canunda-2 well was drilled to further appraise the Canunda wet gas field within the PEL 106 permit (Drillsearch 50%, Beach 50% and Operator), 870m northwest of the producing Canunda-1 well. Canunda-2 was cased and suspended as a future producer after it intersected the same Patchawarra Sand interval that is currently producing in Canunda-1.

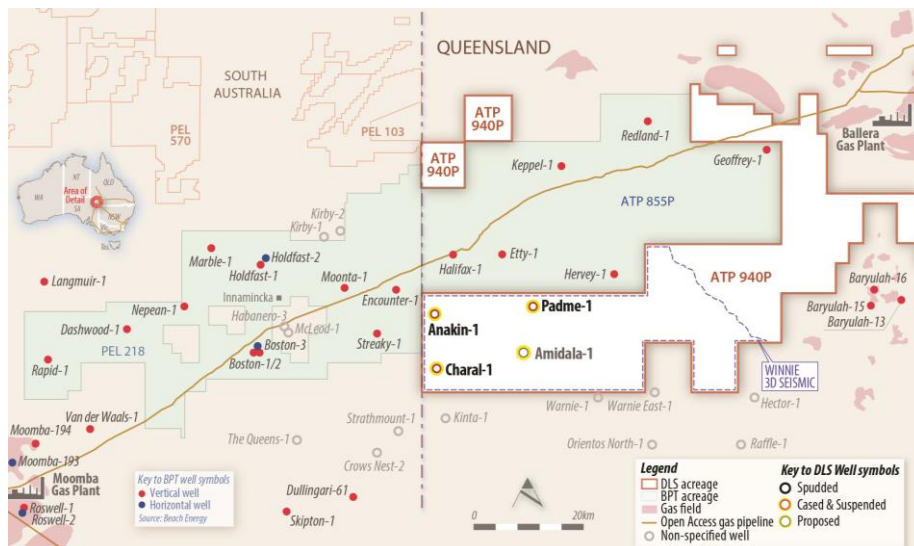


## Unconventional Business

### Central Unconventional Fairway - ATP 940

In ATP 940 (Drillsearch 40% and Operator, QGC 60%), Padme-1 was cased and suspended during the first week of November for future hydraulic stimulation after reaching total depth of 3,913m. Once the Weatherford 826 rig has been released from Padme-1, it will be moved to the Amidala-1 well location, the fourth well in the current program, where it is expected to spud late in the December quarter.

Elsewhere in the permit, the program has moved on to the hydraulic stimulation of the Charal-1 and Anakin-1 wells. At Charal-1, all 13 planned stages of the hydraulic stimulation were completed by early October across the Roseneath Epsilon and Murteree (REM) Shale and Patchawarra Formation intervals. The Halliburton crew then moved to Anakin-1 where the initial stages of the planned hydraulic stimulation were successfully executed during October.



During preparations for production testing at Charal-1, a technical issue was encountered. As a result the ATP 940 joint venture decided to pause activity at Anakin-1, consistent with the joint venture's deliberate, considered approach aimed at utilising learnings from each stage in the campaign to optimise future results.

## Monthly Drilling Summary

Well	Participants		Progress & Summary		Primary Target	Secondary Targets
Oil Wells						
Pennington - 3	DLS	60%	Spud Date:	Saturday, 20 September 2014	Namur Sandstone	McKinlay Member Mid Namur Birkhead Formation
PEL 91	BPT*	40%	Rig Release:	Monday, 6 October 2014		
Oil Business			Depth:	1,810m (TD)		
Western Flank Oil			Operation:	Plugged & Abandoned		
C/E Basin, SA			Progress:	1,810m (TD)		
Juniper - 3	DLS*	100%	Spud Date:	Sunday, 21 September 2014	Patchawarra Formation Tirrawarra Sandstone	Top Patchawarra
PRL 17			Rig Release:	Saturday, 11 October 2014		
Oil Business			Depth:	2,710m (TD)		
Northern Cooper Gas & Liquids			Operation:	Cased & Suspended		
C/E Basin, SA			Progress:	2,710m (TD)		
Ipundu North - 5 DW 1	DLS	40%	Re-entry Date:	Saturday, 11 October 2014	Murta Member	
PL 52	STO*	60%	Rig Release:	Monday, 13 October 2014		
Oil Business			Depth:	952m (TD)		
Eastern Margin Oil			Operation:	Cased & Suspended		
C/E Basin, QLD			Progress:	952m (TD)		
Ipundu North - 7 DW 1	DLS	40%	Re-entry Date:	Friday, 17 October 2014	Murta Member	
PL 52	STO*	60%	Rig Release:	Sunday, 19 October 2014		
Oil Business			Depth:	945m (TD)		
Eastern Margin Oil			Operation:	Cased & Suspended		
C/E Basin, QLD			Progress:	945m (TD)		
Bauer - 14	DLS	60%	Spud Date:	Saturday, 11 October 2014	McKinlay Member Namur Sandstone	
PEL 91	BPT*	40%	Rig Release:	Saturday, 25 October 2014		
Oil Business			Depth:	1,432m (TD)		
Western Flank Oil			Operation:	Cased and Suspended		
C/E Basin, SA			Progress:	1,432m (TD)		

\* Indicates operator

Well	Participants		Progress & Summary	Primary Target	Secondary Targets
<b>Oil Wells</b>					
<b>Bauer - 15</b>	DLS 60%	Spud Date:	Friday, 31 October 2014	McKinlay Member	
PEL 91	BPT* 40%	Rig Release:	Saturday, 8 November 2014 (Targeted)	Namur Sandstone	
Oil Business		Depth:	1,720m (Proposed)		
Western Flank Oil		Operation:	Running 9-5/8" surface casing		
C/E Basin, SA		Progress:	647m		
<b>Bauer - 16</b>	DLS 60%	Spud Date:	Sunday, 2 November 2014	McKinlay Member	
PEL 91	BPT* 40%	Rig Release:	Thursday, 20 November 2014 (Targeted)	Namur Sandstone	
Oil Business		Depth:	1,510m (Proposed)		
Western Flank Oil		Operation:	Drill 12 1/4" surface hole		
C/E Basin, SA		Progress:	0m		
<b>Wet Gas Wells</b>					
<b>Canunda - 2</b>	DLS 50%	Spud Date:	Thursday, 2 October 2014	Patchawarra Formation	
PEL 106 / PPLA 257	BPT* 50%	Rig Release:	Thursday, 23 October 2014		
Wet Gas Business		Depth:	2,827m (TD)		
Western Cooper Wet Gas		Operation:	Cased & Suspended		
C/E Basin, SA		Progress:	2,827m (TD)		
<b>Varanus South - 1</b>	DLS 40%	Spud Date:	TBC	Patchawarra Formation	Tirrawarra Sandstone
PEL 513	STO* 60%	Rig Release:		(gas/condensate)	(gas/condensate)
Gas Business		Depth:	3,135m (Proposed)		
Western Wet Gas		Operation:	Rigging Up		
C/E Basin, SA		Progress:	0m		
<b>Unconventional Wells</b>					
<b>Padme - 1</b>	DLS* 40%	Re-entered:	Sunday, 7 September 2014	Roseneath/Murteree Shale	Daralingie Sandstone
ATP 940	QGC 60%	Rig Release:	Thursday, 6 November 2014 (Targeted)	Patchawarra Formation	Toolachee Sandstone
Unconventional Business		Depth:	3,913m (TD)		Epsilon Formation
Central Unconventional		Operation:	Rigging down		Tirrawarra Sandstone
C/E Basin, QLD		Progress:	3,913m (TD)		

\* Indicates operator

For further information please contact:

Brad Lingo  
Managing Director  
+61 2 9249 9600  
[admin@drillsearch.com.au](mailto:admin@drillsearch.com.au)

Dudley White  
GM – Corporate Communications  
+61 2 9249 9669  
[dudley.white@drillsearch.com.au](mailto:dudley.white@drillsearch.com.au)

**Drillsearch Energy Limited** (ASX: DLS) is one of the leading mid-tier oil and gas companies listed on the ASX. The company has undergone rapid growth over the past five years to become Australia's third-largest onshore oil producer, and one of the largest acreage holders in the prolific Cooper Basin. Drillsearch has assets that span the exploration, development and production continuum within Oil, Wet Gas and Unconventional. Its operations are highly profitable, and its work programs are fully funded from internal cash flow through FY2016. Drillsearch has successfully formed a number of key strategic alliances with leading players in the Australian and international exploration and production industry, including QGC, Santos Limited and Beach Energy Limited.