

ASX Announcement
27 November 2014

New Wet Gas Discovery at Varanus South-1

Drillsearch Energy Limited (ASX: DLS) is pleased to announce a new wet gas discovery on the Western Cooper Wet Gas Fairway of the Cooper Basin.

The Varanus South-1 well in PEL 513 (Drillsearch 40% and Santos 60% and Operator) is the first well to be drilled by Santos and Drillsearch under the joint venture between the companies announced in July 2013.

Varanus South-1 was drilled to a total depth of 3,154 metres as a near-field exploration well. Drillsearch's preliminary interpretation of wireline logs has confirmed an aggregate best estimate of 18 metres of net gas pay over a gross interval of 365 metres in the Patchawarra Formation and an additional 9 metres of net hydrocarbon pay over a gross interval of 37 metres in the Tirrawarra Formation, which was considered a secondary target. As a result, the well has been cased and suspended as a future wet gas producer. Interpretation of the well results is continuing.

Varanus South-1 is located 2.1km southeast of the Varanus field (see map), which produces wet gas from the Patchawarra Formation, and 1.8km north of the Cooba field and 9.8km southwest of the Tirrawarra field, which both produce wet gas from the Patchawarra Formation and oil from the Tirrawarra Formation. The Varanus, Cooba and Tirrawarra fields are owned by the South Australian Cooper Basin Joint Venture ("SACBJV").

Drillsearch Managing Director Brad Lingo said:

"This discovery represents an excellent start to our drilling campaign with Santos and highlights once again the prospectivity of this area for wet gas. We have an active program underway to commercialise the various wet gas discoveries in our portfolio and we look forward to working with Santos to bring Varanus South-1 into production."

Following casing and suspension of Varanus South-1, the rig will move to drill the Yarowinnie South-1 well, which is located 7.0km southwest of Varanus South-1 and 5.4km south of the SACBJV's Andree-Leleptian gas field.

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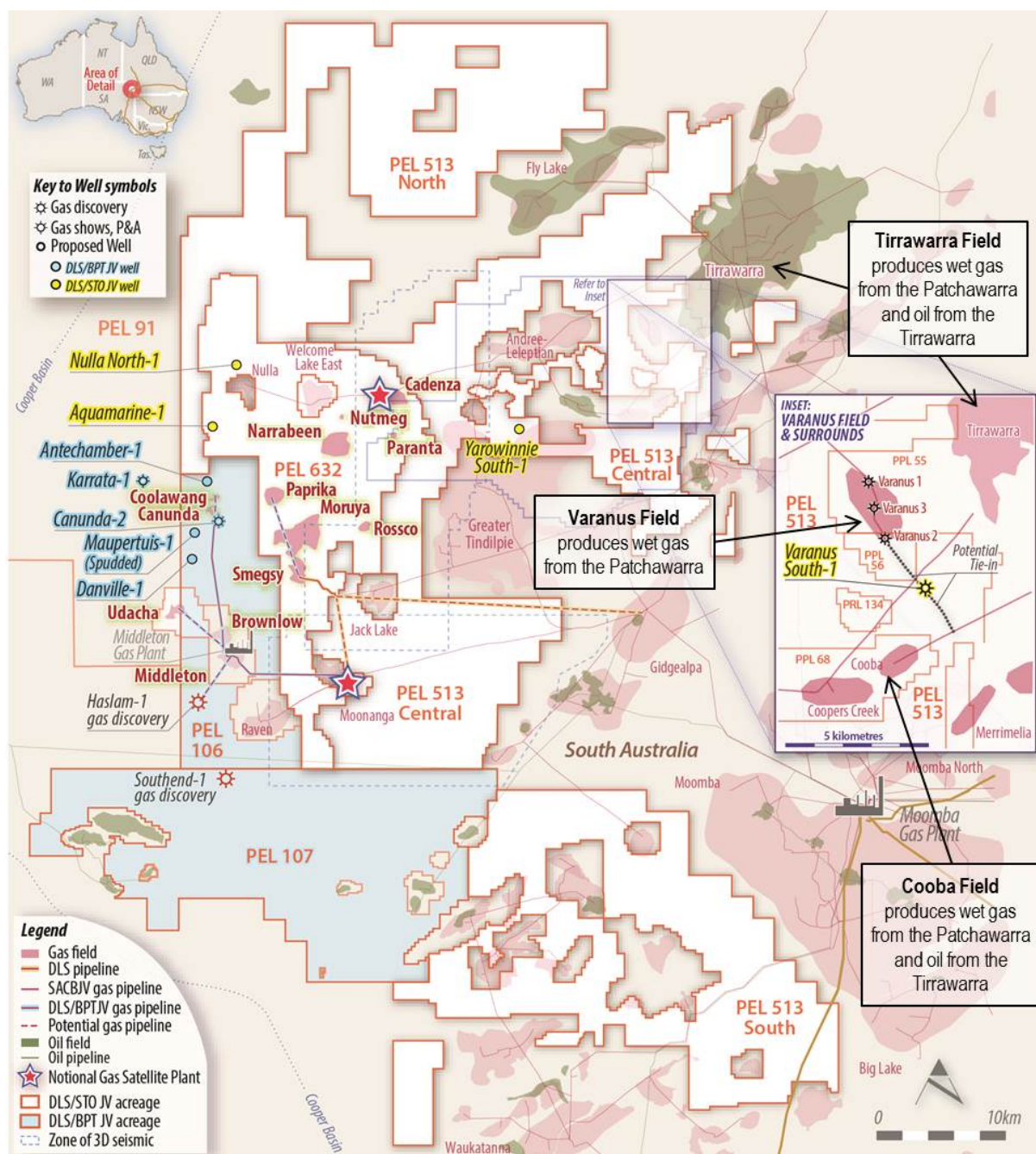
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Drillsearch

Western Cooper Wet Gas Project Areas



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.