

Senex operational update

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Senex Energy Limited (Senex, ASX: SXY) is pleased to provide an update on milestones reached in its oil and gas operations in the Cooper Basin.

OPERATIONAL MILESTONES:

- First production achieved from the Namur reservoir in the Martlet oil field
- Sustained gas and associated liquids production ongoing from the Hornet gas field
- Both projects expected to contribute strongly to annual target of 1.4 million plus barrels of oil equivalent

Martlet oil field commissioned and online

Senex has strengthened its producing revenue base with the commencement of production from the recently discovered Martlet oil field in the Western flank of the Cooper Basin, located in PEL 104 (Senex 60% and operator, Beach Energy Limited (ASX: BPT) 40%).

The Martlet-1 well flow tested at the equivalent of 5,149 barrels of fluid and 2,596 barrels of oil per day from the target Namur reservoir on a short term test. The well was commissioned in early December, with initial production rates post-commissioning constrained to around 50% of capacity to accommodate the significant amount of liquids being produced (averaging around 850 barrels of oil per day). Construction has commenced on water management facilities which, once complete, will increase production capacity from the field during 2H FY15.

Hornet production continuing

In Senex's gas business, inaugural gas sales from the Hornet gas field in PRL 105 (Senex 100%) commenced in late November, representing the achievement of a critical milestone in the company's evolution from gas explorer to gas producer. The Hornet well has delivered stable flow rates of around 1.3 million standard cubic feet per day with associated liquids (condensate and LPG) from the field on a 25% choke since commissioning. Running the flow test for an extended period will provide valuable data on the decline curve and Original Gas In Place (OGIP) of the field to inform further appraisal and development.

Senex expects to deliver further incremental production from Kingston Rule-1 in this area from early 2015 following workover of the well. All gas and associated liquids are being sold as available at commercial prices to South Australian Cooper Basin Joint Venture (SACB JV).

Underlying operational strength

Senex Managing Director Ian Davies said these operational results demonstrated material progress towards both the FY15 production targets and the longer term Growth Acceleration Strategy.

“Our success at Martlet demonstrates the considerable growth opportunities within our existing oil portfolio. A full field development plan will be developed in the second half of FY15 with a view to maximising the near-term potential of this Namur reservoir.

In our other core business – gas – commencement of gas and liquids production from the Hornet field has marked an important step towards further development of the field and the building of a high value, sustainable gas business.

We believe that consistent and focused delivery of the fundamentals of our core business will continue to strengthen Senex in the face of current market volatility”, he said.

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Figure 1: Senex oil and gas fields in South Australia

