

The Company Announcement Officer ASX Ltd
via electronic lodgement

SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update on operations at its Southern Cooper Basin Gas Project in PEL 96 (Strike 66.67% and Operator, Energy World Corporation (ASX:EWC) 33.33%).

Operations Status

After a period of steady operation, production from the Klebb 1 beam pump has not been able to be maintained following a shut in as a result of gas build up in the well's tubing. In order to re-establish stable production at the well location, a workover of the well to replace the downhole pump equipment is now planned to improve the capacity to handle gas inflow.

Production testing at Klebb 2 and 3 has continued, with water rates being maintained at around 500bwpd given the effective assistance that the wells are providing to Klebb 1 at these rates.

Background

After a period of steady production and reservoir pressure reduction, the well was shut in following a combination of gas breakout and water surging in the tubing string and pressure build up in the casing.

The pump appeared to have initially locked due to gas being produced through the pump mechanism, however, it has not been possible to re-establish stable production during trouble shooting of the gas lock. It is therefore likely that an additional mechanical issue is preventing the pump from returning to normal operation.

Forward Plan

The planned Klebb 1 workover will involve the installation of a new downhole pump assembly, with improved capacity to handle gas inflow designed to mitigate the risk of future interruptions to the production testing programme as gas rates build. In addition, the automation system set-up and well operating procedures will be modified. All of the equipment required for the workover is on hand. However, as there are no suitable rigs immediately available in the Cooper Basin, it will take two weeks to mobilise a workover rig to site. The workover should be completed at the end of the month.

ASX Announcement



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The performance of Klebb 1 clearly demonstrates that Klebb 2 and 3 have significantly reduced water production rates required to reduce reservoir pressure in the area bounded by the wells. Therefore, production testing will continue at Klebb 2 and 3 to minimise the time required for Klebb 1 to progress towards commercial production rates once brought back on line.

The cost of the workover and replacement equipment will be modest, allowing operations to remain under budget for this phase of testing.

Managing Directors Comment

"Analysis of production data and the events leading up to the pump issues at Klebb 1 continue to support our confidence that we are progressing towards the reservoir pressure inflection point that is required to achieve commercial flow rates. This makes the holdup in securing a rig for the workover at Klebb 1 all the more frustrating but we will be back on track as quickly as possible."

Yours faithfully

A handwritten signature in black ink, appearing to read "DW", with a long horizontal line extending to the right.

DAVID WRENCH
Managing Director