

17 August 2016

## **ASX ANNOUNCEMENT**

### **Contingent Resources Estimates for the Galoc Oil Field**

#### **Highlights:**

- Independent assessment by ODIN Reservoir Consultants Pty Ltd estimates the Galoc Field contains 2C Contingent Resources of 7.4 MMstb net to Nido on a Net Working Interest (NWI) basis.
- 1C and 3C Contingent Resource estimates are 3.3 MMstb and 13.7 MMstb, respectively, on a net to Nido on a NWI basis.
- Nido is Operator of the Galoc Joint Venture and has a 55.88%<sup>1</sup> working interest in the Galoc Field.

Nido Petroleum Limited (ASX:NDO) (“Nido” or the “Company”) is pleased to provide the results of an independent Contingent Resources assessment of the Galoc Field as at 1 August 2016, undertaken by ODIN Reservoir Consultants Pty Ltd (ODIN).

This independent assessment updates previous work completed on behalf of the Company by Gaffney Cline & Associates as reported in the Company’s Contingent Resources Statement in Nido’s Annual Report for 2015<sup>2</sup>.

#### **Details of Mid-Galoc Contingent Resources Assessment:**

ODIN has completed its Independent Resources assessment on the Galoc Field in accordance with the SPE/WPC/AAPG/SPEE Petroleum Resource System (SPE PRMS) Definitions and Guidelines and the ASX Listing Rules including Listing Rules 5.25 to 5.44 where applicable. The tables and information below summarise the Resources for the Galoc Field as at 1 August 2016 in accordance with these Requirements.

#### **Technical Review:**

The Galoc Field is comprised of the producing Central Field Area (CFA) and the un-drilled northern extension Galoc Mid Area (GMA), located in Block C1 of Service Contract 14 (SC 14C1) in the NW Palawan basin, offshore Philippines.

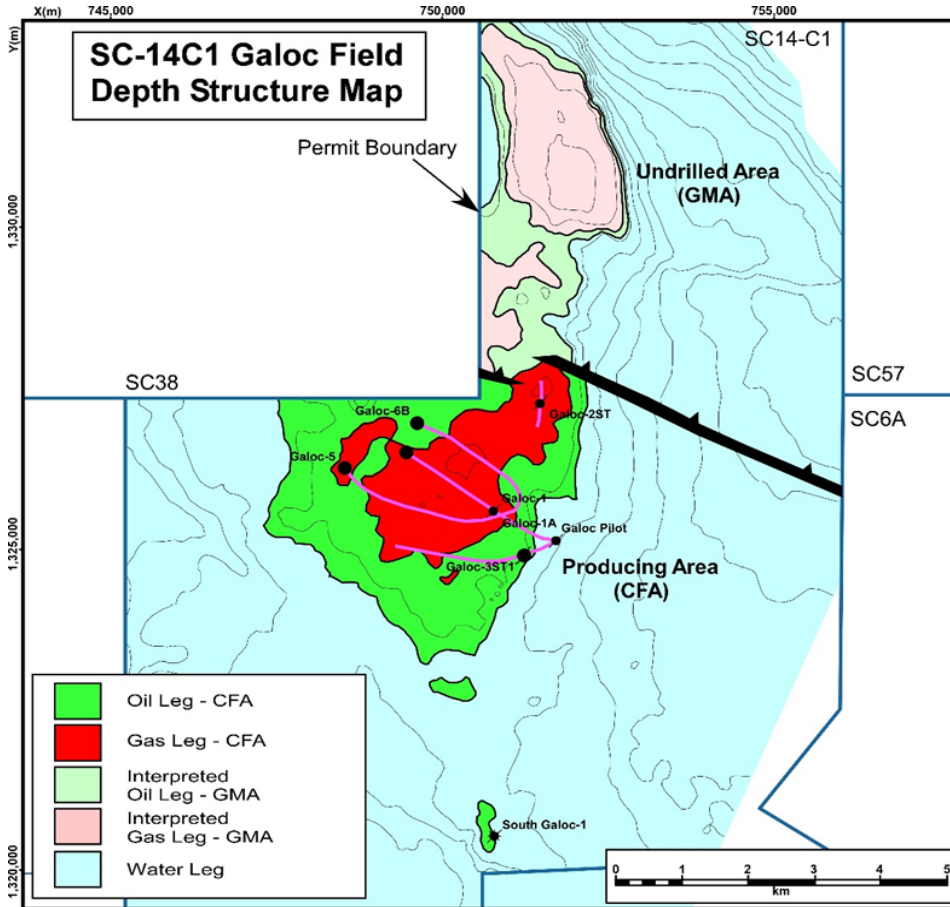
The CFA is currently under production from Galoc-3/ST, -4, -5 and -6. The SC 14C1 JV are currently considering the drilling of the Galoc-7 appraisal well to appraise the GMA.

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<sup>1</sup> via Nido’s wholly owned subsidiaries Galoc Production Company WLL (Operator) which holds a 33% working interest and Nido Production (Galoc) Pty Ltd which holds a 22.88% working interest.

<sup>2</sup> Please refer to page 8 of the Company’s Annual Report for 2015 filed on the ASX on 15 March 2016.

In the case of Galoc-7 success, the GMA is being considered as a potential Phase III development project using conventional horizontal drilling and sub-sea completion technology.



Nido has recently completed an extensive technical review of the existing CFA production data and GMA geological and reservoir engineering data. This has resulted in new, integrated static and dynamic reservoir models which have underpinned the Resource assessment undertaken by ODIN.

Contingent Resources for the Galoc Field include Resources from the CFA which represent continued production from the existing wells beyond the current economic limit, and Resources from the GMA. The preliminary development plans for the GMA are based on drilling two horizontal, subsea development wells tied back to the Galoc Field Floating Production Storage and Offloading (FPSO) facilities with first production in 2019. The development plan is contingent upon the success of Galoc-7 and as a result is still being optimised. It has not yet been submitted to the Philippine authorities for approval.

ODIN has reviewed the CFA production forecasts generated by the Company and formed the opinion that the forecasts are representative of existing and future production. The Galoc Field integrated static and dynamic reservoir simulation models have been used to define the probabilistic range of in-place oil volumes for the GMA. The results of the Galoc

Field dynamic reservoir simulation models were used to produce type-curves which were applied to probabilistically derived oil in place volumes in the GMA to generate production forecasts for the range of oil in place outcomes.

Nido concluded its work by integrating the CFA and GMA production profiles and this combined field profile forms the basis of the Resource estimates. ODIN has considered production forecasts based on Nido's preliminary development plan to be classified as Contingent Resources under the sub-category 'Development Pending'.

Contingent Resources estimated by ODIN and attributable to Nido's Net Working Interest (NWI) in Block C1 of the Service Contract as at 1 August, 2016 are tabulated below:

Contingent Resources (MMstb)	100% Venture			Nido Share (NWI)		
	1C	2C	3C	1C	2C	3C
Galoc	5.9	13.3	24.5	3.3	7.4	13.7

**Table 1 Galoc Contingent Resources**

Notes:

1. No recoverable gas volumes have been reported as there are no plans to recover the gas cap volumes.
2. Company Net Contingent Resources in this table are the Company's approximate Net Entitlement share of the Gross Field Resources. They do not represent the Company's actual Net Entitlement under the terms of the SC that governs the asset, which might be lower.
3. The volumes reported here are "unrisked" in the sense that no adjustment has been made for the risk that the project may not go ahead in the form envisaged or may not go ahead at all (i.e. no "Chance of Development" factor has been applied).
4. Contingent Resources should not be aggregated with Reserves because of the different levels of risk involved and the different basis on which the volumes are determined.
5. Totals may not sum exactly due to rounding.

ODIN has also estimated a "chance of development" for the Galoc Mid Area development project, based on consideration of the key contingencies relating to this project. These include:

- Success of the Galoc-7 appraisal well in the Galoc Mid Area;
- The preparation and submission of a Field Development Plan for the Galoc Mid Area;
- The necessary approvals required from Government and JV partners;
- The requirement for an extension to the Service Contract;
- The company's ability to successfully conduct the work programme;
- Based on ODIN's evaluation of these factors, it is considered that there is a high chance that the development of the Galoc Mid Area will proceed as expected.

It must be appreciated that the Contingent Resources reported herein are unrisked in terms of economic uncertainty and commerciality. There is no certainty that it will be commercially viable to produce any portion of the Contingent Resources.

Contingent Resources in Galoc were estimated using a deterministic approach and in the 2C and 3C cases represent production volumes that extend beyond the current expiry date of the Service Contract.

### **Qualified Reserves and Resources Evaluator Statement**

In accordance with ASX Listing Rule 5.42, the Company confirms that the hydrocarbon resources information contained in this document in relation to the Galoc Field is based on and fairly represents information prepared by Odin Reservoir Consultants Pty Ltd under the supervision of Mr David Lim. Mr Lim holds a B.Sc. (Hons) and a M.Sc. (Petroleum Engineering), is a member of the Society of Petroleum Engineers (SPE) and has 30 years of international reservoir engineering experience in Europe, North and South America, North and West Africa, Middle East, Asia and Australasia. Mr Lim is an employee and Director of Odin Reservoir Consultants Pty Ltd and is not an employee of the Company. Mr Lim consented in writing to the inclusion of the hydrocarbon resources information in the form and context in which it appears in this release. The hydrocarbon resources information contained in this document does not comply with Canadian or US standards of disclosure for oil and gas.

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