

Initial Murta Formation contingent oil resource booked

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Key points

- Net contingent oil resource of 10.4 million barrels (**mmbbls**) 3C and 4.9 mmbbls 2C
- Net oil in place of up to 82.6 mmbbls identified within the Murta Formation sandstones across Senex-operated permits in the southern South Australian Cooper-Eromanga Basin
- Resource estimate relates to Senex-operated permits where oil production from the Murta Formation has been demonstrated from conventional oil wells
- This initial Murta Formation contingent resource estimate is in addition to Senex's booked net oil reserves¹
- Independently assessed by DeGolyer and MacNaughton

Senex Energy Limited (Senex, ASX: SXY) has quantified a significant contingent oil resource within the Murta Formation of South Australia's southern Cooper-Eromanga Basin that represents a material opportunity to deliver oil production from previously overlooked assets.

Senex engaged Dallas-based consulting firm DeGolyer and MacNaughton to undertake a regional study of Senex-operated assets where the potential for Murta Formation oil production had been identified and tested from conventional wells, and has been shown to be viable. As a result of the study, the following net 1C, 2C and 3C contingent resources have been estimated within the Murta Formation:

Net Murta Formation contingent resources and oil in place at 31 October 2013

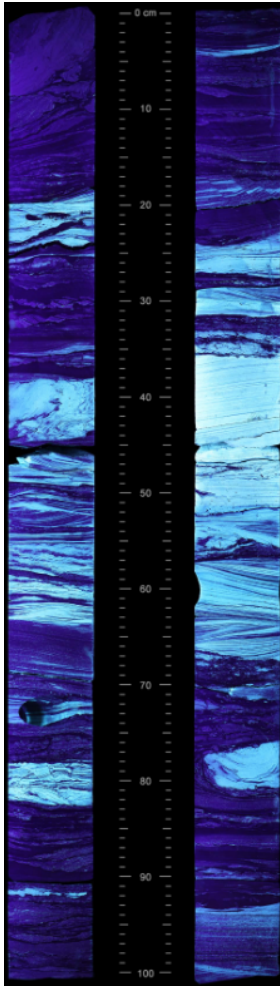
	1C	2C	3C
Contingent resource (recoverable oil, mmbbls)	1.6	4.9	10.4
Oil in place ² (mmbbls)	14.3	39.3	82.6
Average recovery factor applied ³	11.5%	12.4%	12.6%

1 Refer ASX announcement dated 27 June 2013. Senex oil reserves as at 30 June 2013: 1P – 5.1 mmbbls, 2P – 10.8 mmbbls, 3P – 21.4 mmbbls

2 Stock tank original oil in place (STOOIP)

3 Average recovery factor applied to this contingent resource booking relates to vertical wells without production enhancement

ABOUT THE MURTA FORMATION RESERVOIR



Oil fluorescence in Murta core under ultra-violet light

The Murta Formation is a regionally extensive package of thinly interbedded sandstone shale that lies above the primary production reservoirs of the Cooper-Eromanga Basin, as shown in Figure 1. The formation is commonly found to be highly oil saturated with net pay intervals of 4 metres to 16 metres in thickness.

Oil has been produced from the Murta Formation at Senex-operated fields with initial flow rates ranging from 20 to 200 barrels of oil per day. Production from Senex-operated fields such as Mirage and Padulla demonstrates that while initial production rates are typically modest, the long term stabilised rates are likely to decline at only 3-4% per annum, providing consistent production and cashflow.

A technical review of the formation in Senex-operated blocks in the southern Cooper-Eromanga Basin revealed large volumes of oil in place. The study also showed that in many places the formation can be classified as an unconventional resource, where the use of modern production enhancement techniques, such as those used in North America, will materially increase Murta Formation recovery factors, production rates and overall field economics.

Senex's current 30 well drilling program, which commenced in the southern Cooper-Eromanga Basin permits, has collected information required to further evaluate the formation. Core was cut through the Murta Formation during recent drilling at multiple locations in order to quantify net oil pay, porosity, oil saturations and rock-strength characteristics. The cores were highly saturated with oil which, in many cases, conventional wireline logging could not identify.

FORWARD WORK PROGRAM

Further analysis of data is expected to increase the resource across other Senex-operated fields where the potential for Murta Formation oil production has been identified, including Burruna, Fury and Worrior oil fields.

Subject to regulatory approvals and rig availability, Senex plans to drill a pilot horizontal well to test the productive capacity of the reservoir. The Murta Formation in this region is expected to be intersected at a depth of approximately 1,300 to 1,400 metres (true vertical depth). The pilot well is expected to assess a horizontal section of 1,000+ metres, with initial results expected this financial year.

A LONG TERM OIL BUSINESS

Senex Managing Director and CEO Ian Davies said oil production from the Murta Formation had the potential to underpin significant new production and cashflow generation.

“Comprehensive technical studies by our exploration team and Degolyer and MacNaughton have conclusively demonstrated that the Murta Formation is a large and relatively untapped oil resource that is pervasive across Senex permits within the South Australian Cooper-Eromanga Basin.

“The estimation of 4.9 million barrels of 2C contingent resources with up to 83 million barrels of oil in place heralds the start of a multi-year program to test and develop not just the Murta Formation but also other previously overlooked oil reservoirs across Senex’s extensive portfolio of permits,” Mr Davies said.

The location of Senex assets associated with the southern Cooper Basin Murta Formation resource booking are shown in Figure 2.

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Competent person statement

Unless otherwise indicated, the statements contained in this announcement about Senex’s reserves and resources estimates have been compiled by Mr James Crowley BSc (Hons), who is General Manager – Exploration, a full time employee of Senex, in accordance with the definitions and guidelines in the 2007 Petroleum Resources Management System approved by the Society of Petroleum Engineers (SPE PRMS). Mr Crowley consents to the inclusion of the estimates in the form and context in which they appear. Senex’s reserves and resources are consistent with the SPE PRMS.

Figure 1 – Murta Formation stratigraphy in the southern Cooper-Eromanga Basin

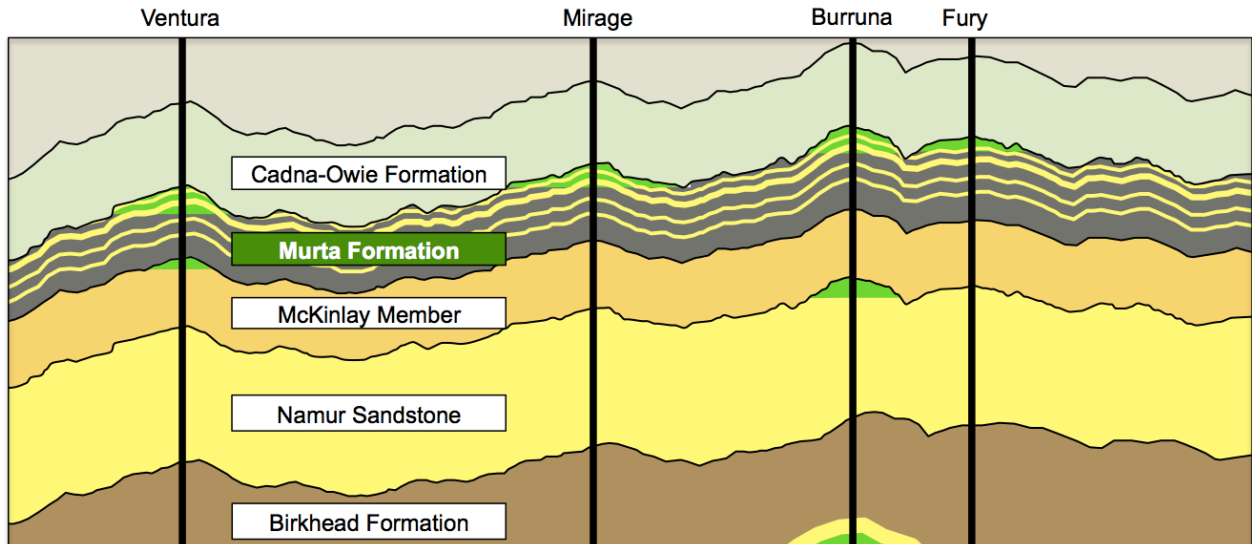


Figure 2 – Senex southern Cooper-Eromanga Basin Murta Formation resource play

