

14 May 2014

**Gas/Condensate Discovery
Adeline Sugar Factory No. 4 Well
Jeanerette Field, St. Mary Parish, Louisiana, USA***Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy is pleased to advise that the Adeline Sugar Factory No. 4 well has reached a total depth of 15,300' (4,663 metres). Wireline logging has been completed and a gas/condensate discovery in the primary objective lower Miocene sands is indicated. Protective liner has been run in preparation for completing the well as a producer. Production is expected to commence within the next month.

The ASF No. 4 is an onshore exploration well located in Jeanerette Field in St. Mary Parish, Louisiana which was spud on 12th March 2014. Petsec's participation in the well was agreed in mid-April following technical review and negotiations which took place after drilling commenced but prior to reaching the well's exploration objectives. The newly discovered interval in the well is a deeper target on a proven structure that has previously produced significant quantities of gas and condensate at shallower levels.

Petsec Energy's Chairman, Terry Fern, commented on the discovery:

"We are pleased that Petsec Energy's first conventional exploration well drilled since our 2010 gas/condensate discovery at the Marathon Field is a success. Having suspended our shale oil strategy and returned to our core strength of conventional exploration, we look forward to continuing exploration success and growth in the value of the Company."

A further update will be provided after the well commences production.

Participating working interests in the well are:

Petsec Energy Ltd	12.50%
Other Companies	87.50%

Details of the well:

Well name:	Adeline Sugar Factory No. 4 well
Type of well	Exploration well
Location of well	Jeanerette Field, St. Mary Parish, Louisiana
Proposed TD:	15,000 feet (4,570 metres)
Final TD:	15,300 feet (4,663 metres)

Operator:	Private company
Petsec working interest:	12.5%
Petsec net revenue interest:	9.0 %
Estimated net drilling cost to Petsec:	US\$1.2 million
Estimated net completion cost to Petsec:	US\$0.3 million

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Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. It has operations in the shallow waters of the Gulf of Mexico and state waters of the Louisiana Gulf Coast region of the USA, and exploration activities in the Gulf Coast onshore and bay areas of Texas and Louisiana, USA.