

16 January 2019

**Petsec Energy Provides Drilling Update on Main Pass Block 273 B-2
Appraisal/Development Well on the Hummer Gas/Oil Field
Gulf of Mexico, USA**

Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)

Petsec Energy Ltd (the “Company”) is pleased to provide a drilling update on the Main Pass Block 273 B-2 appraisal/development well currently being drilled on the Hummer Gas/Oil Field Gulf of Mexico, USA.

After setting 11 7/8 inch casing in late November, at 11,267 feet measured depth (MD)/11,110 true vertical depth (TVD), the well was drilled to 14,000 feet MD/13,193 feet TVD in mid-December. Under-reaming operations then commenced to open the well bore from 10 5/8 inches to 12 1/4 inches, prior to running a 9 5/8 inch drilling liner. While under-reaming, the tool became stuck at approximately 11,468 feet MD which required fishing operations to retrieve the tool. After successfully retrieving the tool on December 23, the hole opening operations continued to 14,000 feet MD.

On January 5th, operations to run the 9 5/8 inch liner commenced, but the liner became stuck at approximately 12,592 feet MD/12,130 feet TVD. Operations to fish the stuck liner were partially successful to the extent that the wellbore has been cleared down to the top of the liner. It has been decided to cement the 9 5/8 inch liner in place and proceed to drill ahead to test the well’s primary and secondary objectives as originally planned. The first primary objective is expected to be penetrated below 15,000 feet MD. The bottom of the 9 5/8th inch liner has been cemented. Drilling will recommence following cementing of the liner top and testing the liner.



Main Pass Block 270/273/274 Hummer Project: ENSCO 68 Jackup Drill Rig

The B-2 appraisal/development well is being drilled from the Main Pass Block 270 “B” Production Platform, to a bottom hole location approximately 6,000 feet to the East of the B-1 discovery well. This is the first of potentially 3 to 8 appraisal/development wells required to develop the field.

The well is designed to test, in a structurally advantageous position, six potential oil and gas reservoirs, these being the five oil and gas reservoirs that were intersected in the B-1 well and a deeper horizon not tested by the B-1 well.

The primary objectives of the B-2 well are two sand reservoirs with proven oil and gas reserves discovered in the B-1 well (Cawley, Gillespie & Associates, independent reserve engineers), one of which is categorised as Proved Developed Producing (PDP), the other Proved Undeveloped (PUD). In addition, secondary exploration/evaluation targets will also be tested. Similar reservoirs are productive in nearby fields at the Main Pass 280/283 Field Complex.

The B-2 well is planned to be drilled to a measured depth (MD) of 18,559 feet with a true vertical depth (TVD) of 16,624 feet. The well is being drilled utilising the Ensco 68 jack-up drilling rig and is expected to reach total depth in mid to late February 2019. Contingent on the results of the well the production facilities will be expanded, and the well will be completed for production with first production now estimated to begin in early to mid-April 2019.

Due to complexities in the drilling of the well, the estimated net cost to the Company to drill has been revised to approximately US\$5.0 million, plus US\$1.2 million to US\$1.5 million for completion and additional production facilities.

Participating working interests in the well are:

Petsec Energy Inc.	12.5% (10.26354% Net Revenue Interest + 0.441% Overriding Royalty Interest)
Other Private Companies	87.5%

Details of the well:

Well Name:	Main Pass Block 273 B-2 (ST00BP01)
Type of Well:	Appraisal/Development
Location of Well:	Offshore Louisiana, Federal Waters
Final TD:	18,559 feet MD/16,624 feet TVD (deviated hole)
Operator:	Castex Offshore, Inc.
Estimated net dry hole cost:	US\$5.0 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. The Company also has operations onshore in the Republic of Yemen.