

Kingston Rule-1 flows at 1.2 million cubic feet per day

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Senex Energy Limited (ASX:SXY, Senex) is pleased to report that gas is flowing to surface at the Kingston Rule-1 unconventional gas exploration well at a constrained rate of 1.2 million cubic feet per day (mmscfd) during clean up and flow back activities.

Kingston Rule-1 is located in southern Cooper Basin permit PEL 115 (Senex 80% and Operator; Orca Energy Limited (Orca; ASX: OGY) 20%) on the western flank of the Mettika Embayment (refer Figure 1).

In the last week, Senex successfully fracture stimulated four zones in the Patchawarra Formation tight gas sands and one zone in the Epsilon Formation. Gas flow from the well has been constrained by a 32/64 inch choke and wellhead pressure continues to increase. Flow rates increased steadily during flow back and reached 1.2 mmscfd on Sunday.

Clean up and flow back activities will continue over the next week, with gas being flared from Kingston Rule-1, as shown in the picture below. Samples from the gas flow have also been taken to measure condensate and heavy gas yields.



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Senex Managing Director Ian Davies said the result was a clear endorsement of the potential for commercial production of unconventional gas from the southern Cooper Basin.

“Initial gas flow rates from Kingston Rule-1 have met and exceeded the prime objective of mobilising significant gas to surface from a tight sand reservoir. This result confirms our confidence in the Cooper Basin as a world-class energy precinct,” he said.

Kingston Rule-1 was drilled in late 2012 to a total depth of 2,872 metres and intersected 53 metres of net gas pay, with 9 metres of pay in the Epsilon Formation and 44 metres of pay in the Patchawarra Formation tight gas sands. The well also intersected 150 metres of shale and close to 20 metres of gas charged coal in the Patchawarra Formation, with mud logs confirming the presence of liquids rich hydrocarbons in the Permian section.

The first well in this campaign to be fracture stimulated, Skipton-1, has commenced initial flowback. Further testing will continue following the arrival of a completions rig, which has been delayed by a recent rain event. Clean up and flow back activities will continue over the next week, with initial results expected in coming weeks.

The location of all Senex unconventional gas wells in the Cooper Basin is shown in Figure 1.

For further information contact:

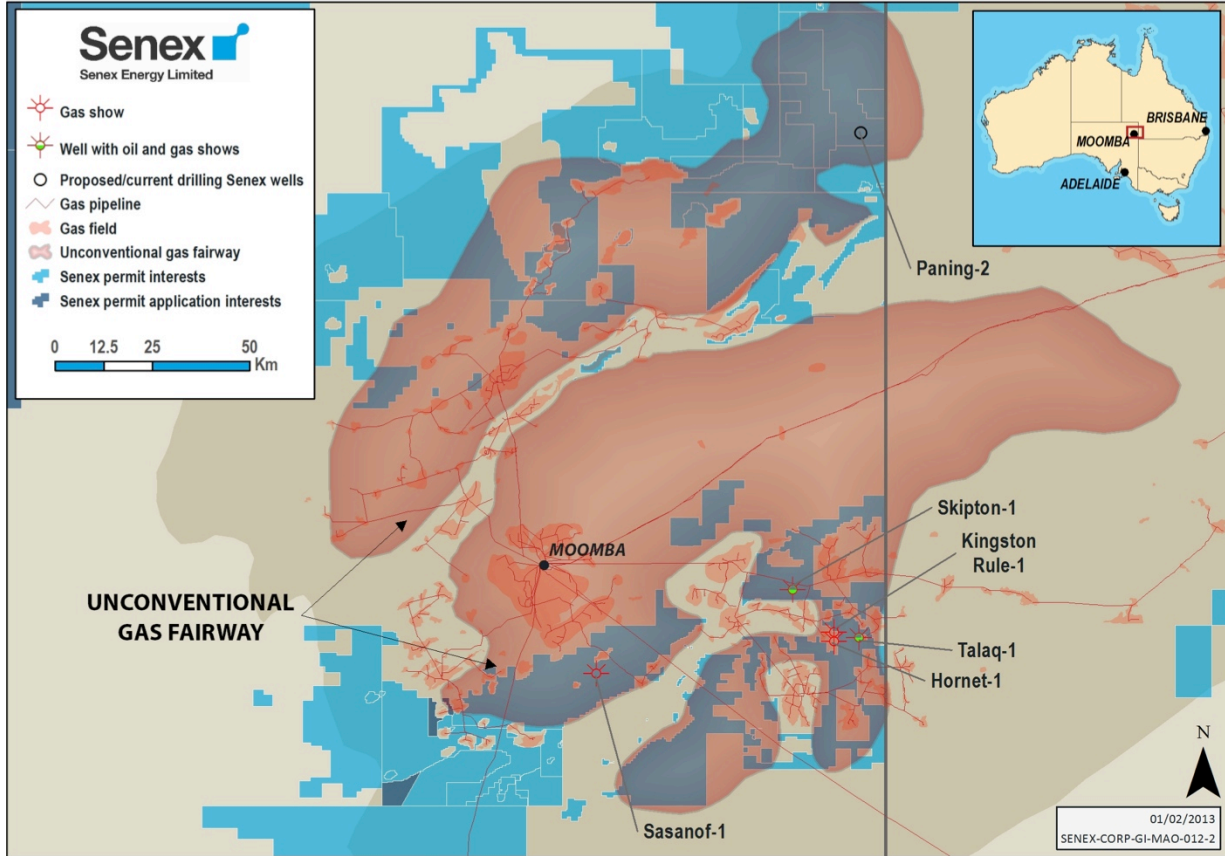
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Competent person statement

Unless otherwise indicated, the statements contained in this drilling report about Senex’s reserves estimates have been compiled by Mr James Crowley BSc (Hons), who is General Manager – Exploration and Development, 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: Senex unconventional gas wells in the Cooper Basin



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