



Linc Energy Ltd

Date of Lodgement: 13/3/13

Title: "Company Insight – Significance of Linc's First Well at Umiat"

Highlights of Interview

- Explains the Importance of Spudding First Well at Umiat.
- Historical Exploration at Umiat.
- Details the Ryder Scott Report on the Value of Umiat.
- Meeting the Objectives of the Current Drilling Program Remains on Track.
- Explains the Future of Umiat & the Importance to Linc Energy's Growth.

Record of interview:

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Linc Energy Ltd (ASX code: LNC; market cap of ~\$1.4 billion) has just announced the spudding of its first well at its Umiat Oil Field in Alaska (Linc Energy's Working Interest of 84.5%). What does this mean for Linc Energy's Oil & Gas Division?

Scott Broussard, President Oil & Gas

The spudding is a significant milestone for the Oil & Gas Division. Our winter drilling program marks the first drilling at Umiat since the late 1970s and the first time modern arctic and horizontal drilling techniques have been applied to the reservoirs.

Umiat is a world class oil development.

It has been estimated by Ryder Scott to contain Proved & Probable (2P) reserves of 154.5 million barrels of oil equivalent (MMboe), with a 2P NPV_{10%} of US\$1.496 billion, and Proved, Probable & Possible (3P) reserves of 194 MMboe, with a 3P NPV_{10%} of US\$1.828 billion*. Linc Energy anticipates peak production during full field development could be approximately 50,000 barrels of oil per day (gross).

Historical well testing at Umiat has determined that the oil is light, sweet crude with a 37 API gravity and a pour point of less than -5 degrees Fahrenheit.

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Linc Energy announced it had purchased its interest in Umiat in June 2011, yet significant work had already been undertaken on the field. Can you give some more detail on the work carried out prior to Linc Energy acquiring it?

Scott Broussard

I'll talk about the history of the field and how the exploration of the field has evolved since that time. Umiat was originally discovered in the 1940s by the US Navy. The first of 12 'legacy' wells were drilled from around that time until the last being drilled in the 1970s.

So, a fair amount of money had been spent on the field when we acquired, at which time it had an estimated Original Oil in Place of over one billion barrels. Umiat is a very significant oil field as substantiated by the Ryder Scott reserve report.

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Can you give more detail on the Ryder Scott report – when it was released and why it was commissioned by Linc Energy?

Scott Broussard

We released the Ryder Scott reserve estimate report to ASX on 27 August 2012. We commissioned the report to get an independent assessment of the probable and possible reserves, potential production and income attributable to Umiat. Clearly we were happy with the outcome of the report as it not only gave us an independent assessment of the field, but it concluded that the asset was extremely valuable based on the figures I outlined previously.

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There was a slight delay in spudding the first well at Umiat. Will you now be able to meet your original objectives for the current drilling program, in particular objectives such as the vertical well (including testing the deeper target), the horizontal well and flow testing?

Scott Broussard

Yes. We believe that our original objectives for the current program including vertical and horizontal flow tests of the Lower Grandstand formation and the potential to find oil or gas in deeper horizons will be met. We will also gather conventional core samples from the Lower Grandstand, collect oil samples for assay, test the mineral oil based mud system and substantiate the earlier test work at Umiat.

We have chosen to defer the non-critical drilling of the DS#1, Class II disposal well to next year's field program by utilizing a pre-existing grind and inject facility on the North Slope.

Extreme cold and high wind conditions affected our timelines, but as part of our planning we had contingencies in place to allow for such challenges and still meet the program's objectives.

Over roughly the last 45 days, Alaska's North Slope region has seen extended periods of extreme Arctic cold and also periods of high winds that resulted in zero visibility conditions and halted operations and transportation right across the North Slope, not just at Umiat. Our work crews kept operating, but for health and safety reasons our progress was slower than we originally expected it to be.

As a result we have adjusted our program to meet the objectives through drilling two wells. The first will be Well #18, which is right in the centre of the reservoir and a terrific location for the first well in the program. This well will drill vertically through the Lower Grandstand Formation and we'll retrieve our first core samples for the additional reservoir parameter testing. Then we will deviate that hole and go deeper below the Lower Grandstand to examine that deep resource potential we've spoken about. We'll be running logs while we're drilling and also running open hole logs into that deeper resource test interval.

After that stage, we'll plug Well 18 back to the Lower Grandstand oil sands and then flow test that vertical well. We'll gather oil samples for assaying during that testing phase. While the testing of #18 is underway,

the rig will be moved up to the Well 23-H location. This will be a horizontal well which will be drilled into the very same Lower Grandstand oil sands that we will have tested through the vertical well at #18. We will then flow test the #23H horizontal well configuration in the same interval as the #18 vertical well. That will give us a side-by-side calibration of the vertical well configuration to the horizontal well configuration. We'll also get some additional crude oil samples from Well 23-H for assay.

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How does Linc Energy envisage Umiat evolving over the next few years?

Scott Broussard

Linc Energy has undertaken a decisive strategy to ultimately move Umiat into production.

While we've been planning this season's drilling program at Umiat, we've been simultaneously working on our overall development plan for the field and the longer term permitting requirements to bring the field into production. We've already done some initial scoping studies on what the facilities could look like and we expect to be able to finalise these after the drilling program this year, once we have an improved our understanding of the reservoir parameters.

We've also commenced the National Environmental Policy Act (NEPA) process. This Act governs environmental regulations and permitting on Federal lands and leases in the United States. Umiat is situated on Federal leases within the National Petroleum Reserve – Alaska.

Next year we plan an earlier start for the second season of drilling. The second season may include the extended flow testing of both the horizontal and vertical well configurations. We'll also have more of a look at the deeper resource potential, based on what we learn from Well #18 this year.

We're still on target for the construction of facilities and pipelines connecting into the Trans-Alaska Pipeline for first oil production by late 2017 or early 2018. Currently we expect a peak rate of production of 50,000 barrels of oil per day. That rate may increase somewhat depending upon the new porosity and permeability data we're obtaining in the current program, and how that changes our reservoir simulation model. We will know more about possible peak production rates and oil recoveries once we have compiled all the data from the current program.

Overall, we're pleased with the timelines we're meeting and the way we are moving the field towards production.

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Thank you Scott.

*The oil resource estimates in this announcement were compiled by Scott J. Wilson of Ryder Scott Company LP who is qualified in accordance with ASX listing rule 5.11 and who has consented to the form and content in which this statement appears.

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