

2 January 2018

**ASX Release**

**BYRON SM71 F2 APPRAISAL WELL TO BE COMPLETED FOR PRODUCTION and the DRILLING OF THE F3 DEVELOPMENT WELL ACCELERATED**

- **SM71 F2 well to be completed for production from B65 Sand**
- **SM71 F3 development well to be drilled immediately, targeting a second take point in the D5 Sand for production**
- **First Production from F1, F2 and F3 wells expected in early March 2018**

**Byron Energy Ltd (ASX: BYE)** (“Byron” or the “Company”) is pleased to announce that:-

- (a) the Byron operated OCS G-34266 #F-2 appraisal well (“F2”) on South Marsh Island Block 71 (“SM71”) will be completed for near term production from the B65 Sand, and
- (b) The Byron operated OCS G-34266 #F-3 development well (“F3”) is expected to spud next week targeting the D5 Sand as its primary completion.

**SM71 Byron F2 Well**

On 27 December 2017 Byron reported that the SM71 F2 appraisal well encountered four discrete hydrocarbon bearing sands, including the B65 and D5, and that the drill pipe became stuck approximately 214 feet below the bottom of the D5 Sand. Over the course of next four days Byron attempted to free the stuck drill pipe while evaluating various alternatives including the optimization of the F2 wellbore and future F3 well. Consequently, it was decided to case the F2 well to a depth of 7700 measured depth (“MD”), 130 feet MD below the base of the B65 Sand. By doing so, the B65 Sand logged in the well was preserved as an optimal take point in that reservoir. The F2 can also be used to produce the J1 Sand and B55 Sand after cessation of production in B65 Sand in the future.

Byron has also decided to drill the SM71 F3 well and utilize it as a D5 development well. This strategic decision will minimize potential expenditures and optimize take point and angle considerations for both sand completions and, maximize production and cash flow.

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On 1 January 2018 (11.00 AM USA Central Time), current operations are running 7 5/8 inch casing before suspending the well for a short period before completion for production. The F2 well will provide the take point to produce hydrocarbons from the B65 Sand.

Further petrophysical analysis of the net oil pay counts confirms Byron's preliminary analysis, reported on 27 December 2017.

The previously reported net oil pay counts based on transmitted data, will serve as final internal pay counts as the additional higher resolution LWD memory data was not retrieved. Real time log while drilling porosity data indicates the porosity of both the B65 and D5 Sands to be consistent with other wells the area with porosities ranging up to 31% with a high net to gross sand ratio in each zone.

### **SM71 Byron F3 Well**

Given the high quality and thickness of the D5 Sand encountered in the F2 well and the fact that Byron has a one-time option to drill a second well under the existing Ensco drilling contract (at current day rates), it has been decided to drill SM71 F3 well immediately using the Ensco 68 rig, rather than releasing it.

As designed, the SM71 F3 well will intersect the D5 Sand very near the point that the F2 well intersected the D5 Sand. The F3 well will provide a second take point in the D5 Sand reservoir in addition to the F1 well, which was drilled in 2016. The engineering design of the F3 well will allow for a borehole angle of 24 degrees with shorter measured depth than the F2 well which had an angle of 60 degrees. The design will provide an optimal completion configuration.

The SM71 F3 development well will be drilled to planned total depth of 7,624 ft/2,324 metres MD, equivalent to 7,423 ft/2,263 metres true vertical depth ("TVD"). F3 is estimated to take approximately 30 days to drill to total depth and evaluate from the spud date. Operations on the F3 should begin later this week after work is completed on the F2 and will be conducted under an approved permit Byron applied for in November 2017 in anticipation of a desirable result in the SM71 F2 well.

### **SM71 Production Plan**

Acceleration of the drilling of the F3 well, will add a third completion to the field but delay initial production from SM71 field by approximately one month, now expected to commence in early March 2018.

Once all wells are completed for production, Byron anticipates having three wells on production with two D5 completions, in the F1 and F3 wells, and one B65 completion in the F2. Further drilling opportunities from the platform will be assessed on the basis of performance.

The combined initial production of the three wells will take up the majority of the SM71 F Platform production capacity. The SM71 F Platform has capacity to produce up to 5,000 bopd from wells located on SM71.

### **SM71 Ownership Interests**

Byron, through its wholly owned subsidiary Byron Energy Inc. is the operator of SM71 and has a 50% working interest and a 40.625% net revenue interest in SM71. Otto Energy Limited group (**ASX: OEL**) holds the remaining interest in SM71.

**Commenting on progress at SM71, Byron's CEO, and Maynard Smith said:** *"We are extremely pleased with the results of the F2 appraisal well, which confirmed the presence of a productive B65 Sand. Given the extent of the oil column we encountered in the D5 Sand, Byron together with Otto, has decided to bring forward the F3 well, thus exercising our option for a second well under the existing Ensco drilling agreement. While this delays production slightly, we think it is in the best interests of shareholders in the longer run, as it reduces the costs of drilling the F3 and also brings forward oil production from the third well."*

*"The results of the SM71 F2 bode well for Byron's other leases in the SM71 area. Much of our team's strength and success over many years has come through applying the experience and knowledge gained in drilling wells in one area to other leases within the same area. We expect similar results in the greater SM71 area where we control additional leases. Using the same high quality, proven RTM and Inversion processed data used at SM71, we have mapped over a dozen oil and gas prospects on our 100% Byron owned leases at SM57 and SM59. We look forward to quickly refining these prospects to the drill-ready stage with the knowledge gained from our drilling program at SM71".*

Byron will issue progress reports on the operations at the F2 and F3 wells as material developments occur.

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#### **About Byron:**

Byron Energy Limited ("Byron or the Company") (**ASX:BYE**) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron's experienced management team has a proven track record of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company's website at [www.byronenergy.com.au](http://www.byronenergy.com.au).