

16 September 2019

**ASX Release**  
**SM58 011 BP1 Well Progress Report**

Byron Energy Limited (“Byron or the Company”) (ASX: BYE) advises that after setting a kick-off plug at 9274 feet Measured Depth (“MD”) on September 6<sup>th</sup> and prior to actually kicking off and drilling ahead, an electrical issue was detected with the rig’s top drive. It took over two days to diagnose and resolve the top drive issue. On September 9<sup>th</sup> Byron began kick off operations which were successful, and the bypass well was drilled to the casing depth of 10,811 feet MD in about 36 hours with no drilling issues. Interestingly, even though the bypass well is only 60 feet from the original hole and structurally flat to the original hole, the pay interval encountered was 30’ thicker than the Upper O Sand in the original SM58 011 well as determined from the resistivity and gamma ray LWD tools. The Byron SM58 011 BP1 well has a true vertical thickness net pay of 301 feet compared to 271 feet of net pay in the original hole.

After reaching casing depth a short trip was run and the hole was determined to be slick and in excellent condition prior to running casing. On September 11, Byron began running 7 5/8” casing without issue to a depth of 7,940 feet MD at which time, while picking up a casing joint with the elevators, the pin holding the break drum catastrophically failed releasing the block, top drive and casing running tool, with approximately 60,000 lbs of pipe and equipment falling six feet before becoming wedged in between the stabbing board and racked back heavy weight drill pipe. Thankfully, no one was hurt during this incident due to the quick action of the driller on the rig floor. It took six hours to inspect the rig, remove the damaged casing running tools, and set the rig up so that Byron could attempt to work pipe. Not unexpectedly, when the equipment was finally in a position to work the casing, it had become firmly wedged in the hole and could not be moved up or down. It has since been determined, by the running of a gauge ring tool on wireline, that the interior of the casing is fortunately undamaged.

The only realistic option open to the Company, is to set the 7 5/8” casing at its current depth of 7940’ MD, and then undertake a cleanout run to 10,811 feet MD with smaller 4” diameter drill pipe. Once this operation is completed Byron will run 5 ½” casing across the Upper O Sand pay interval to protect it. This operation will take at least 7 to 10 days to complete. The 5 ½” casing will still allow a 2 7/8” tubing completion across the pay zone which will have a maximum rate limitation of approximately 2,300 barrels for oil per day for an oil well and for the gas well case, a maximum limitation of approximately 23 million cubic feet of gas with 1,000 barrels per day of liquids. Byron believes these rate expectations are adequate and consistent with historical rates for Upper O Sand completions on the SM58 block.

Byron will have to assess hole conditions after the setting of the 5 ½” casing to determine if it is feasible to drill deeper to evaluate the Lower O Sand in this well bore. The Lower O Sand seismic anomaly is very

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high quality and covers approximately two thirds the area of the Upper O Sand Cutthroat prospect. Because of its attractiveness, Byron will make every effort to drill this zone as soon as it is practical to do so.

Byron holds all the operator’s rights, title, and interest in and to the SM58 Lease Block to a depth of 13,639 ft. subsea with 100% Working Interest (“WI”) and 83.33% Net Revenue Interest (“NRI”). To date, all identified drilling opportunities on the SM58 lease are above 13,639 feet subsea.

Below 13,639 feet subsea, Byron has a 50% WI (41.67% NRI) under a pre-existing exploration agreement.

Additionally, Byron owns a non-operated 53% WI (44.165% NRI) in the associated existing producing assets being the SM69 E Platform and SM58 E1 wellbore.

**Byron’s CEO, Maynard Smith had this to say about the SM58 011 well:-**

*“It is very disappointing that this latest rig failure occurred given the hole was in such good condition and we were within a few hours of having the large O Sand pay zone safely behind casing. I certainly understand and share the frustration our shareholders must feel, but on a more positive note, the annual Collarini reserve report which is in the final stages of completion and expected to be released later this week or early next week, including our SM58 discovery, will undoubtedly ease some of the disappointment.*

*Additionally, work continues to progress on the future SM58 G platform Byron purchased last April specifically with a development at SM 58 in mind. This week, most of the production equipment was removed and shipped to other fabricators for refurbishment which will then allow structural modifications to begin.*

*Lastly, I would like to point out that we’ve had a long and successful history of working with the people at Enterprise Offshore Drilling prior to this incident. The senior management at Enterprise are just as disappointed with this failure as we are and have assured Byron that they will make good on this problem. Byron will work diligently and cooperatively with Enterprise to ensure that this is indeed the case.”*

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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 record of accomplishment 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).