

19 June 2020

Sole Gas Project update

- Commissioning of Orbost Gas Processing Plant by APA continues
- Production rate since resumption from May shutdown has averaged 34/TJ day
- Peak daily rate recorded of 55 TJ vs target of 68 TJ
- APA advise second shutdown of approximately 6 days required
- Sole gas field has produced 1.8 PJ to date

Cooper Energy (ASX: COE) provides the following report on the progress of commissioning activities at the Orbost Gas Processing Plant since the previous advice of 22 May and investor presentation of 10 June.

Background

The gas plant is owned and operated by APA Group (ASX: APA), who are contracted by Cooper Energy to upgrade and operate the plant to process gas from the Sole gas field for supply to Cooper Energy's gas customers in south-east Australia.

The objective of the commissioning is to achieve plant performance that satisfies the commercial agreement between the parties, which includes demonstrated capacity to process gas from Sole for reliable supply into the Eastern Gas Pipeline at a rate of 68 TJ/day.

Commissioning of the plant's raw gas processing facilities commenced on 10 March and has proven the plant's capability to produce sales specification gas from the Sole raw gas stream.

A total of 1.8 petajoules of gas from Sole has been processed and supplied into the Eastern Gas Pipeline up to 18 June 2020 (inclusive). This gas is being sold by Cooper Energy at spot market prices less transportation.

Plant performance during commissioning has been impaired by foaming in the absorber section of the plant, which has suppressed output rates; and by fouling, which necessitated the 9-day shutdown advised on 8 May.

Plant performance since last update

Commissioning activities since 20 May have been directed to achieving a progressive sustained increase in plant output rates with the ultimate target being the required 68 TJ/day.

Output has averaged 34 TJ/day from 20 May, with performance demonstrating the plant's capability to maintain daily production of 35 TJ to 40 TJ. The maximum daily production rate recorded to date has been 55 TJ on 9 June.

APA has advised of a re-occurrence of fouling due to prolonged foaming in the second absorber which will require a second shutdown for cleaning of the absorber vessel. APA has advised a second antifoam dosing pump has been installed since the previous shutdown to improve performance. This shutdown is scheduled to commence on the weekend of 20 – 21 June and require approximately 6 days to complete.

The Sole gas field reservoir and production wells have continued to perform in line with expectations.

Future plans

The resumption of operations from the second shutdown is expected in the week commencing 29 June. The focus of commissioning will return to the establishment of a sustainable stable production rate, and the achievement of the ultimate target of 68 TJ/day. APA has advised that it remains committed to commissioning the Orbost Gas Processing Plant such that it can reliably deliver at this rate.

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APA has advised further shutdowns may be required and this will be assessed in the light of commissioning results.

APA has also advised it has initiated planning for plant modifications in case current commissioning does not achieve the required performance rate. The modifications include re-configuration of the plant's 2 absorber vessels from a serial to a parallel arrangement. If required, this modification is expected to provide greater flexibility for management of foaming and achievement of the target capacity of 68 TJ/day.

If the modifications are required, a further plant shutdown will be necessary, which Cooper Energy has been advised could require 3 weeks. This interruption would be accommodated, to the fullest extent possible, within the maintenance downtime allowance provided in the processing and sales contract agreements.

It is expected a decision on the plant re-configuration will be made following analysis of plant performance after the return to operations from the forthcoming shutdown.

The company is maintaining dialogue with its customers for the purpose of aligning supply agreements with the outcome of the current commissioning process. Financiers are being informed of project status and progress and are supportive of the company and its plans to increase gas supply to eastern Australia through the Sole gas project.

Further comment	Investor Relations
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Cooper Energy Limited (ASX: COE) is an ASX200 exploration and production company which generates revenue from gas supply to south-east Australia and low-cost Cooper Basin oil production. The company is an emerging player in the south-east Australian energy sector holding a portfolio of gas supply contracts and one of the most extensive portfolios of gas-focused acreage and assets, including well located reserves and resources in the Otway and Gippsland basins. These include the Sole gas field in the Gippsland Basin which recently became the first new offshore gas development in south-east Australia to commence production in several years, the Casino Henry operations in the offshore Otway Basin and undeveloped resources such as Manta and Annie.

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