

# ASX Announcement



11 March 2015

The Company Announcement Officer ASX Ltd  
*via electronic lodgement*

## SOUTHERN COOPER BASIN GAS PROJECT OPERATIONS UPDATE

Strike Energy Limited (ASX:STX) ("Strike") is pleased to provide an update on its continuing flow testing program at its Southern Cooper Basin Gas Project in PEL 96 (Strike 66.7% and Operator, Energy World Corporation (ASX:EWC) 33.3%).

The attached Investor Presentation provides further information about the Company's activities to date and future plans for the Southern Cooper Basin Gas Project. This will be presented by Mr David Wrench at the forth coming Euroz Securities Institutional conference in Perth.

### FLOW TESTING UPDATE

Following the recommencement of flow testing operations after the recent rain delays, gas production has continued to increase at both the Le Chiffre 1 and Klebb 1 locations. The wells have now been cycled through a series of production and shut in phases to obtain a range of flow and pressure data.

### PRELIMINARY OBSERVATIONS

In each production phase, gas flows have been established quickly and continue to build. Preliminary analysis of the pressure and production data obtained to date confirm:

- Increasing gas flow rates continue to be observed as the reservoir pressure is reduced. Consistent, stable pumping operations have proved most effective in achieving sustained pressure reductions and increased gas flow rates;
- To date, reservoir pressures have been reduced to 2,000 – 2,400 psi close to the wells (from initial pressures of 2,900 – 3,000psi). Encouragingly, this limited pressure reduction has been sufficient to initiate and sustain gas flows from coal proximate to the wells and confirm that the coals are highly gas saturated;
- Well productivity is significantly improved through managed increases in pump rates.

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Gas adsorption isotherms for the producing coals show that the majority of gas stored (adsorbed) on the coal surfaces will be recovered at average reservoir pressures below 500psi. Therefore, flow testing will now focus on achieving further reductions in average reservoir pressures to facilitate increases in gas production towards commercial rates.

## **KLEBB WELLS**

During the month of February, 19 days of flow test data was obtained from the Klebb 1 location with sustained gas flows during the entire period and 6,400 bbls of water produced. During the testing period, pump rates were gradually increased with a corresponding increase in gas productivity being observed.

Klebb 3 was successfully commissioned during February and produced for 9 days averaging around 100 bbls water per day.

To date, 75 days of cumulative flow test data has been achieved from the Klebb 1 location.

## **LE CHIFFRE 1**

During the month of February, 26 days of test data has been obtained from the Le Chiffre 1 location, with 20,600 bbls of water produced. Sustained gas flows to surface were recorded over the testing period.

To date, 69 days of cumulative test data has been achieved from the Le Chiffre 1 location.

## **FLOW TESTING OPERATIONS - FORWARD PLAN**

The completion of the first phase of flow testing was successfully achieved once sustained gas flows at all wells were established. Flow testing operations have now advanced to a second phase which aims to build gas flow rates through consistent reservoir pressure reduction at both Le Chiffre 1 and the Klebb pilot wells. Minor modifications to the existing pumping equipment at the Klebb location are underway, which once implemented, will allow simultaneous flow testing of all three wells.

The performance of the Klebb wells have been very encouraging and we now believe they are capable of achieving further production increases beyond their original design basis with modest additional investment. As a result, the Klebb pilot will be upgraded in Phase 3 of the appraisal program through frac completions of Klebb 2 and 3 and installation of improved pumping infrastructure, which will accelerate reservoir pressure reduction and provide further reservoir and operational data for use in full development planning.

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## MANAGING DIRECTORS COMMENT

*"The trends we are seeing at Le Chiffre and Klebb are extremely encouraging as we continue on the path towards commercial production. Strike now believes it controls one of the few projects with the potential to provide substantial new supply to East Australian gas markets with testing and production set to increase over coming months."*

Yours faithfully

A handwritten signature in black ink, appearing to be "DW", with a long horizontal line extending to the right.

DAVID WRENCH  
Managing Director