

# Phoenix South-3 – drilling update

14 June 2018



Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to provide the following update on the drilling of the Phoenix South-3 well.

## Progress

Since the last update, the 11-3/4” liner has been set down to 4,619 metres Measured Depth (“MD”).

## Current Operations

Drilling of the 10-5/8” hole has commenced with current drilling operations at 4,634 metres MD.

## Forward Plan

Drill the 10-5/8” hole from 4,619 metres MD to approximately 5,160 metres MD. Following this, a 9-5/8” casing will be set before the 8-1/2” hole section is drilled to the top of the primary Caley Member section, which is expected to be intersected at a depth of approximately 5,360 metres MD.

## Well Objective

The primary objective for the Phoenix South-3 well is to evaluate the gas and condensate potential of the Caley Member within a large, faulted anti-clinal closure that was partially penetrated with the Phoenix South-2 well.

Phoenix South-2 encountered gas and condensate in the Caley Member but was unable to drill through and evaluate the formation. The Phoenix South-3 well has been optimally designed to penetrate and evaluate the hydrocarbon bearing formations of the Caley Member.

Phoenix South-3 is located around 560 metres North-North East of the Phoenix South-2 well. The well will target a closure that is estimated by Carnarvon to contain a gross mean recoverable prospective resource of 489 Bscf of gas and 57 million barrels of associated condensate (being 143 million barrels of oil equivalent (“boe”), gross, Pmean) – Refer to ASX Announcement on 23 April 2018.

Prospective Resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and may relate to undiscovered accumulations. These prospective resource estimates have an associated risk of discovery and risk of development. Further exploration and appraisal (including this well) is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

**Carnarvon Petroleum**  
Quadrant Energy (*Operator*)

**20%**  
**80%**

Yours faithfully



Adrian Cook  
Managing Director

**Investor inquiries:**

**Thomson Naude**

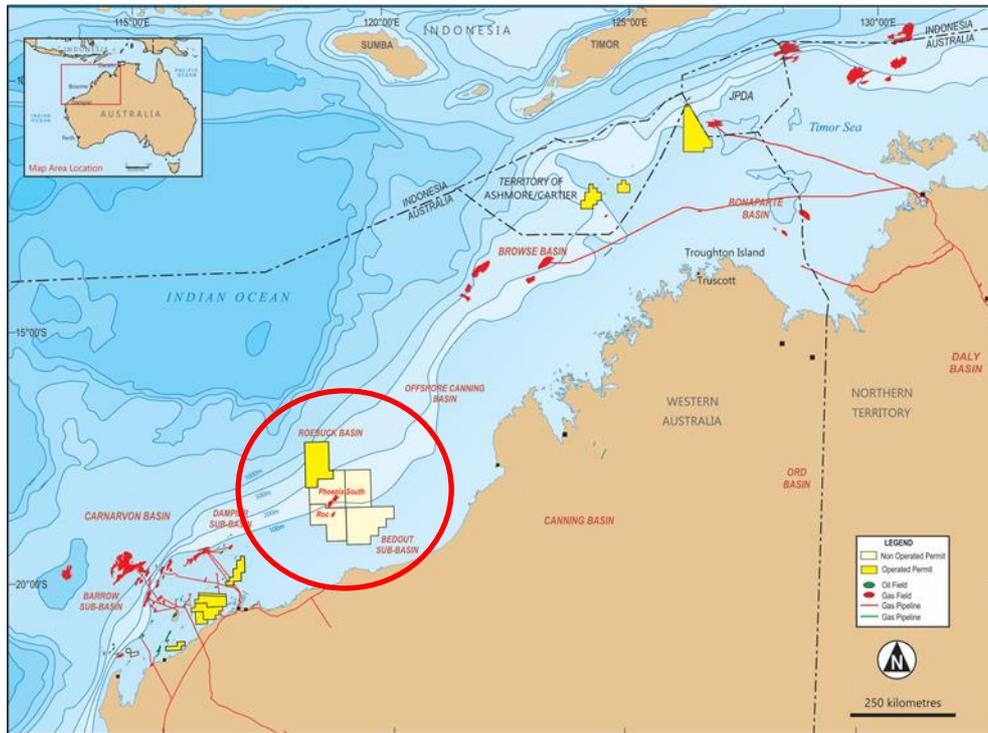
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**Figure 1 – Location of the Phoenix Project**



**Figure 2 - Location of the Phoenix South-3 well within the project**

BASE TRIASSIC / TOP PERMIAN TIME STRUCTURE MAP (MILLISECONDS TWO WAY TIME)

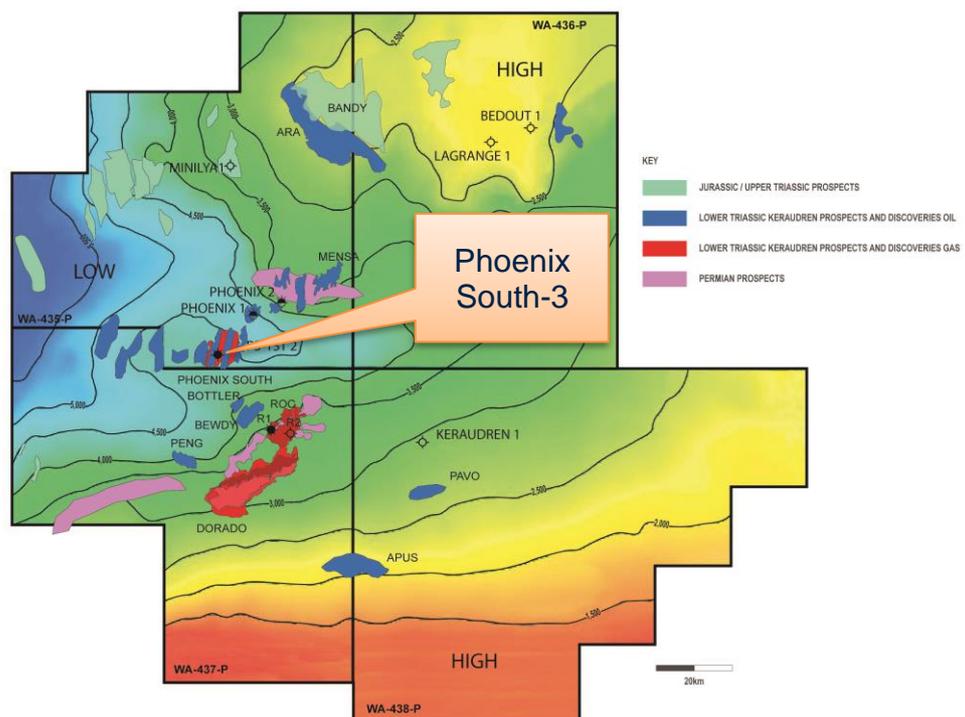


Figure 3: Caley depth map and positioning of the Phoenix South-3 well

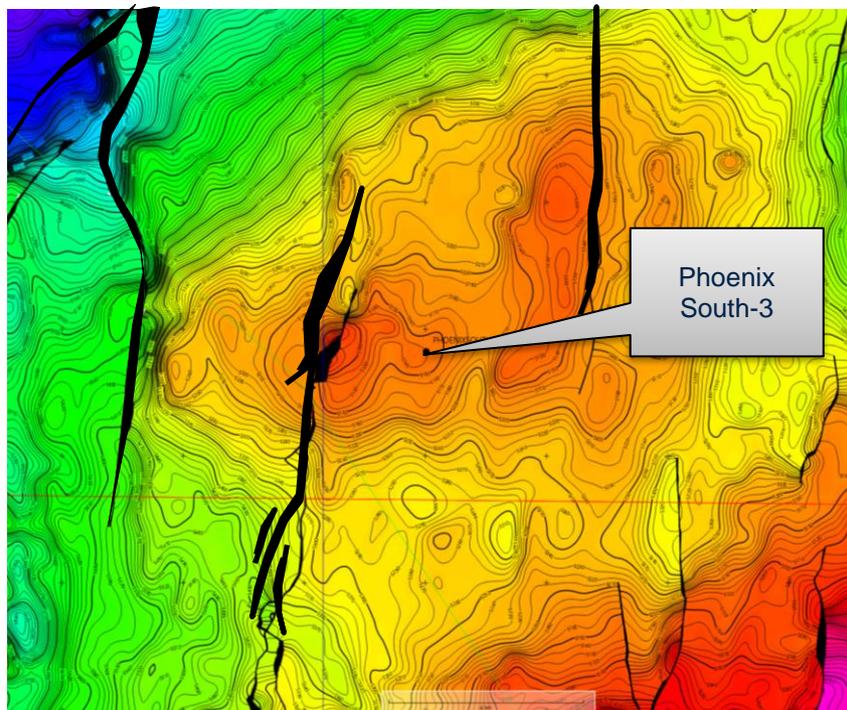
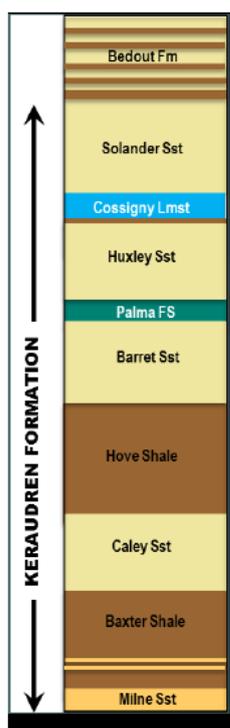


Figure 4: Geological formation diagram



Primary objective is to evaluate the gas and condensate discovered in Phoenix South-2 at the **Caley Sandstone** within the Keraudren Formation

### **Cautionary Statement**

There are numerous uncertainties inherent in estimating reserves and resources, and in projecting future production, development expenditures, operating expenses and cash flows. Oil and gas reserve engineering and resource assessment must be recognised as a subjective process of estimating subsurface accumulations of oil and gas that cannot be measured in an exact way.

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### **Resources**

Prospective resources presented in this report are prepared as at 23 April 2018 (Reference: CVN ASX release on 23 April 2018). The estimates of contingent and prospective resources included in this announcement have been prepared in accordance with the definitions and guidelines set forth in the SPE-PRMS and have been prepared using probabilistic methods.

Carnarvon is not aware of any new information or data that materially affects the information included in this report and that all material assumptions and technical parameters underpinning the estimates in this presentation continue to apply and have not materially changed.

### **Competent Person Statement Information**

The Resource estimates outlined in this report were compiled by the Company's Chief Operating Officer, Mr Philip Huizenga, who is a full-time employee of the Company. Mr Huizenga has over 25 years' experience in petroleum exploration and engineering. Mr Huizenga holds a Bachelor Degree in Engineering and a Masters Degree in Petroleum Engineering. Mr Huizenga is qualified in accordance with ASX Listing Rules and has consented to the form and context in which this statement appears.

### **Forward Looking Statements**

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.