

22<sup>nd</sup> November 2016

## Petsec Energy Announces Successful Production Test at Hummer Project, Offshore Louisiana Federal Waters, USA

*Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy (the “Company”) is pleased to advise the successful flow testing of its Main Pass 270 No. 3 BP 1, Hummer discovery well, offshore Louisiana, Federal waters, USA. The well was tested over a 48 hour flow-back period, beginning 16 November 2016. Flow rates were measured at restricted rates on variable choke sizes over the last three hours of the 48 hour test period the well flowed at an average rate of 19.88 MMcfd (million cubic feet of gas per day) and 396 bcpd (barrels of condensate per day) through a 16/64<sup>th</sup> inch choke with an average flowing WHP of 9753 psi (pounds per square inch) and no formation water. Production rates continued to rise over the duration of the test with a maximum gas rate of 20.5 MMcfd recorded.

The MP 270 #3 BP 01 well was perforated from 14,100 feet to 14,186 feet measured depth (MD), 14,058 feet to 14,144 feet true vertical depth (TVD) in a Miocene age sand reservoir. Well logs indicate additional potential reservoirs in the well, but a decision was made not to run additional tests at this time. These untested sands will be targets of future drilling activity on the Hummer Project. Significant production occurs for similar reservoirs along trend. Peak production rates from those intervals can exceed 25 MMcfd and 1000 bcpd. After testing, the well will be temporarily suspended pending the design, fabrication and installation of permanent production facilities and pipelines. The Company estimates first production from the Hummer project to commence mid-year 2017.

The Hummer discovery well is located in U.S. federal waters approximately 50 miles southeast of Venice, Louisiana. The water depth at the location is approximately 215 feet. The well was drilled, logged and temporarily suspended during Q3/Q4 2015 and has awaited testing until a recently completed production jacket could be installed over the well. The Ensco 87 rig was used to tie-back the well bore to the jacket and complete and test the well. The next stage of development will be to utilise the results of the test to design, fabricate and install a deck section with production facilities on the jacket, lay flow lines and connect to existing oil and gas transportation systems. It is anticipated that this process will take approximately 6 to 8 months. Petsec will continue to update the market on completion of key milestones in the development of the project.

Petsec’s Chairman and Managing Director, Terry Fern, commented:

*“We are very pleased with the drilling and test results of this initial well on the Hummer Project. This success is the culmination of an effort that began prior to 2010 when Petsec initially identified the prospect on 3D seismic data and continued through leasing and eventual drilling of the project several years later. Hummer is a significant oil and gas discovery covering a large prospective area and extending over portions of three offshore lease blocks that will require additional wells and facilities to define and develop. Although current information is limited from a single well and test, the indicated resource potential significantly exceeds the Company’s pre-drill mapped target estimates. The Company holds a 10.24% net revenue interest in the project. We look forward to the commencement of production from this well and further development of the project.”*

### **Participating working interests in the well are:**

Petsec Energy Inc.	12.5%
Other Private Companies	87.5%

### **Details of the Hummer Development Project:**

Discovery Well Name:	OCS-G-22812 #3 BP 1
Type of Well	Exploration, Pending Production Well
Location of Well:	Offshore Louisiana, Federal Waters
Original TD:	16,041 feet MD/16,000 feet TVD
By-pass TD:	14,342 feet MD/14,300 feet TVD
Project Operator:	Castex Offshore, Inc.
Petsec Working Interest:	12.5%
Petsec Net Revenue Interest:	10.24%

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*Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. It has operations in the shallow waters of the Gulf of Mexico and state waters of the Louisiana Gulf Coast region of the USA. The Company also has operations onshore in the Republic of Yemen.*

**Forward Looking Statement Disclaimer**

*This press release contains predictions, estimates and other forward looking statements that are subject to risk factors associated with the oil and gas industry. Although the Company believes that the expectations reflected in these statements are reasonable, it can give no assurance that its expectations and goals will be achieved. Important factors that could cause actual results to differ materially from those included in the forward looking statements include, but are not limited to, commodity prices for oil and gas, the need to redevelop or replace reserves, environmental risks, drilling and operating risks, risks related to exploration and development operations, uncertainties associated with reserve estimates, market interruptions, changes in government regulation, changes in economic and financial conditions, political risks, project delays or advancement, and approvals and cost estimates.*

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