

# Phoenix South-3 – rig movement

08 March 2018



## Highlights

- The drilling rig for the Phoenix South-3 well is expected to be on location in late March 2018
- Phoenix South-3 well is only ~560 metres from the Phoenix South-2 gas and condensate discovery
- This well will target an estimated gross mean recoverable prospective resource of 489 Bscf of gas and 57 million barrels of associated condensate
- Gas and condensate in the Phoenix South structure is in addition to that in the Roc structure

Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to provide the following update on its near-term drilling program as advised by the operator, Quadrant Energy.

The GSF Development Driller-1 semi-submersible drilling rig (pictured below) has commenced the final leg of its journey from Port Louis (Mauritius) to Australia on the way to drill the Phoenix South-3 well. Slower than planned towing speeds have had a minor impact on the original expected arrival date. The rig is now expected to arrive on location in late March and be ready to commence drilling early April.



The objective of the Phoenix South-3 well is to assess the gas and condensate discovered at the top of the Caley interval in the 2017 Phoenix South-2 well (refer CVN ASX announcement on 19 December 2016 and 28 March 2017). The well is to be located only some 560 metres from the Phoenix South-2 well. The Phoenix South-3 well design has been constructed to specifically allow for the evaluation of this Caley interval, unlike the Phoenix South-2 well that was designed to evaluate a broader range of reservoir intervals.

The Phoenix South structure at the Caley interval is estimated 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 28 March 2017. The estimated condensate-to-gas ratio is very significant and is based on surface gas sampling from a permeable section at the top of the Caley Sandstone encountered while drilling the Phoenix South-2 well.

The above gas and condensate is in addition to that already discovered and initially appraised in the Roc structure, also in the Caley interval. That structure is estimated to contain a gross contingent resource (2C) of **332 Bscf of gas** and **19 million barrels of associated condensate** (being 74 million barrels of oil equivalent (“boe”), gross, 2C).

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

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

Yours faithfully

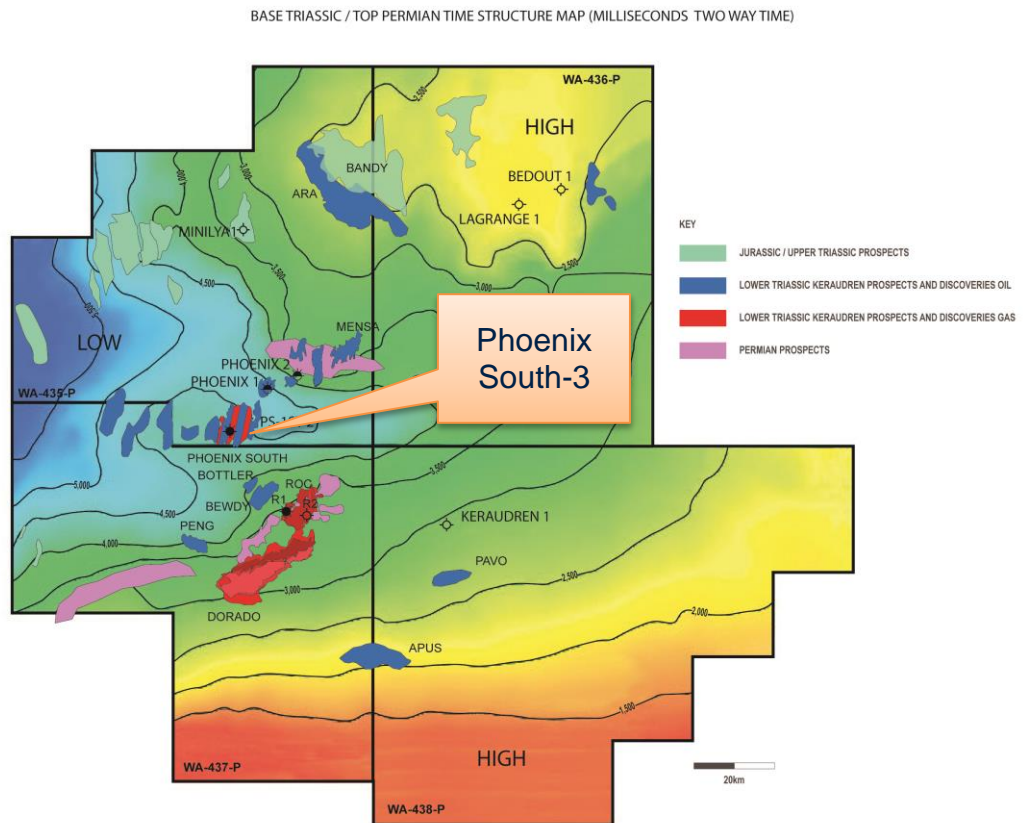


**Adrian Cook**  
Managing Director  
Carnarvon Petroleum

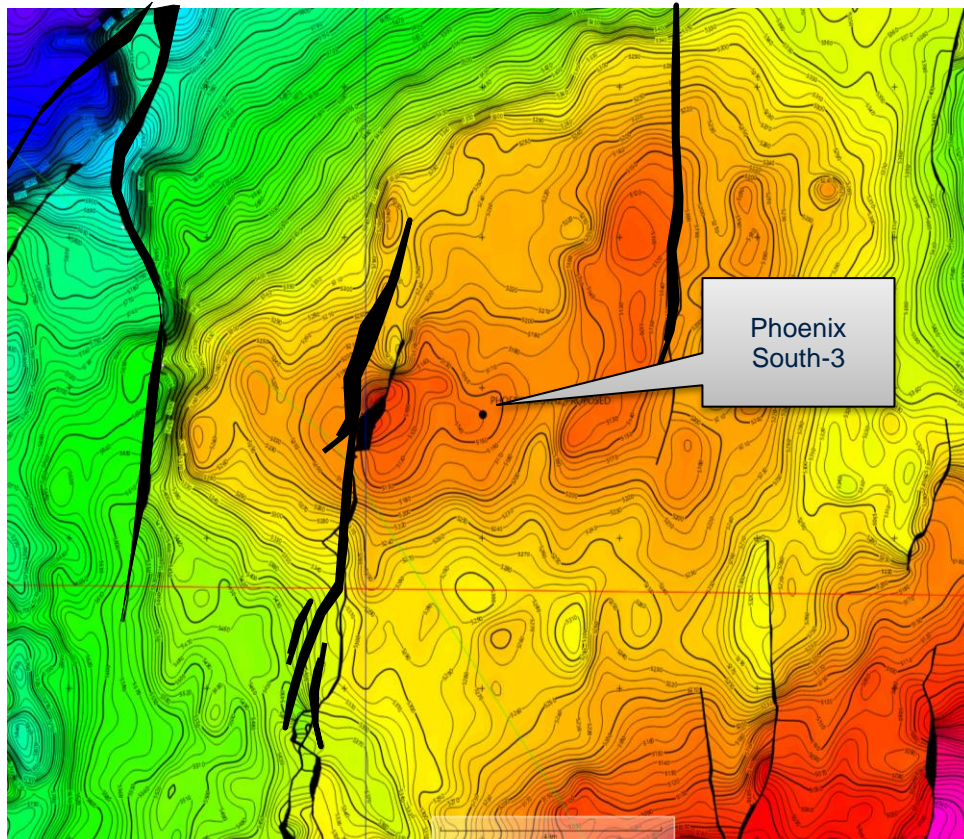
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**Figure 2 - Location of the Phoenix South-3 well**



**Figure 3: Caley depth map**



### **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.

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 is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

### **Resources**

All contingent and prospective resources presented in this report are prepared as at 14 November 2016 and 28 March 2017 (Reference: CVN ASX releases of 14 November 2016 and 28 March 2017). 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 20 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.