

12 April 2011

## Western Flank Oil Fairway 5 Well Drilling Outline

- **Ensign #18 rig on site and rigging up**
- **Hanson-1 the first well in the five well program to spud third week of April 2011**
- **Five well program targeting between 3.5 and 7.5 million barrels of oil**

Drillsearch Energy Limited (ASX: DLS) is pleased to announce the commencement of a five well drilling campaign in the third week of April with the spudding of Hanson-1, located in PEL 91 in the Cooper Basin Western Flank Oil Fairway in South Australia (see attached map). The Ensign #18 drilling rig is now on location at the Hanson-1 drilling site and is currently rigging up and completing pre-drilling safety inspections and some minor repairs. Drilling on Hanson-1 and the other wells is expected to take 10-14 days each. Drillsearch will make announcements at the spudding and completion of each well and with the encountering of any significant results. Interests in PEL 91 are Drillsearch (60%) and Beach as operator (40%).

The PEL 91 Joint Venture has matured five robust drilling prospects in the Western Flank Oil Fairway within the Modiolus 3D Seismic Survey. The prospects are named Hanson, Snellings, Searcy, Bauer and Arno. All of the prospects target intervals within the Namur Sandstone, Birkhead Formation Channel Play, Hutton Sandstone and the Poolowanna Formation - all proven oil plays within the Western Flank Oil Fairway.

The drilling program will target, on a combined basis over the five prospects, a mean unrisked gross recoverable prospective oil potential of 3.5 million barrels. There is scope for significantly higher volumes if high side unrisked recoverable oil resource potential outcomes are realised for each prospect. Each of the exploration prospects has a mean unrisked gross recoverable prospective oil potential of between 430,000 to 1.1 million barrels and an upside unrisked gross recoverable prospective resource potential of between 1 million to 2.2 million barrels. The details of the mean and high side unrisked prospective resource potential for each of the oil prospects are shown in the table below.

| PEL 91 Drilling Program |             |             |                   |                       |                               |
|-------------------------|-------------|-------------|-------------------|-----------------------|-------------------------------|
| Prospect                | Recoverable |             | Total Depth (mRT) | Primary Objective     | Secondary Objective           |
|                         | Mean (bbls) | High (bbls) |                   |                       |                               |
| Hanson                  | 820,000     | 2,000,000   | 1950              | Namur                 | Birkhead, Hutton & Poolowanna |
| Snellings               | 430,000     | 1,000,000   | 1935              | Namur                 | Birkhead, Hutton & Poolowanna |
| Searcy                  | 1,100,000   | 2,200,000   | 1959              | Intra or mid Birkhead | Poolowanna                    |
| Bauer                   | 520,000     | 1,100,000   | 1935              | Namur                 | Birkhead, Hutton & Poolowanna |
| Arno                    | 580,000     | 1,170,000   | 1960              | Namur                 | Mid or lower Birkhead         |

The Bauer, Hanson and Snellings Prospects are all located within 1-2km of the producing Chiton Oil Field and all primarily target the Namur Sandstone (proven at the Chiton Oil Field). The Namur Sandstone is a highly productive oil reservoir in the Western Flank Oil Fairway as seen in the recent Parsons, Callawonga, Perlubie, Butler and Chiton Oil Discoveries. On initial production test, the Chiton-1 oil well flowed at 2,434 barrels of oil per day.

The Arno Prospect targets both the Namur Sandstone oil play proven at the Chiton Oil Field and the Birkhead stratigraphic play. The Birkhead channel stratigraphic play has been proven at the Wirraway, Growler, Charo and Snatcher Oil Discoveries 30-50km north east of the Arno Prospect. The Marino-1 well approximately 2km north of Arno encountered oil in intra-Birkhead sands in August 2009 and on a 3-hour drill stem test recovered 3.5 barrels of 48.2° API oil from a tight reservoir package. The PEL 91 Joint Venture elected to plug and abandon the Marino-1 well due to the poor quality of the reservoir at that location.

Subsequent to recovering oil from the Birkhead channel encountered at Marino-1, the PEL 91 Joint Venture undertook an extensive analysis of the potential extent of the Birkhead channel stratigraphic play in the vicinity of the Marino-1 well. From seismic analysis, the Birkhead channel belt identified at Marino-1 and targeted with the Arno-1 exploration well is extensive in the locality of the Marino-1/Arno Prospect and if successfully targeted may establish a much larger Birkhead channel play fairway. A number of additional prospect and lead drilling locations have already been identified as follow-up to exploration success in this Birkhead channel belt at the Arno Prospect.

The Searcy Prospect is the largest oil prospect in the 5 well exploration program, targeting an unrisked recoverable prospective resource of as much as 2.2 million barrels of oil within the Birkhead channel stratigraphic play. The Searcy Prospect targets an extensive, and clearly defined Birkhead channel due east of Marino-1 and due west of the Ballaparudda-1 exploration well which also had significant oil shows in the Birkhead Formation target zone. The Searcy Prospect is a very large feature. If the Searcy Prospect is successful, Beach has already identified follow-up drilling locations to further pursue the Birkhead channel play.

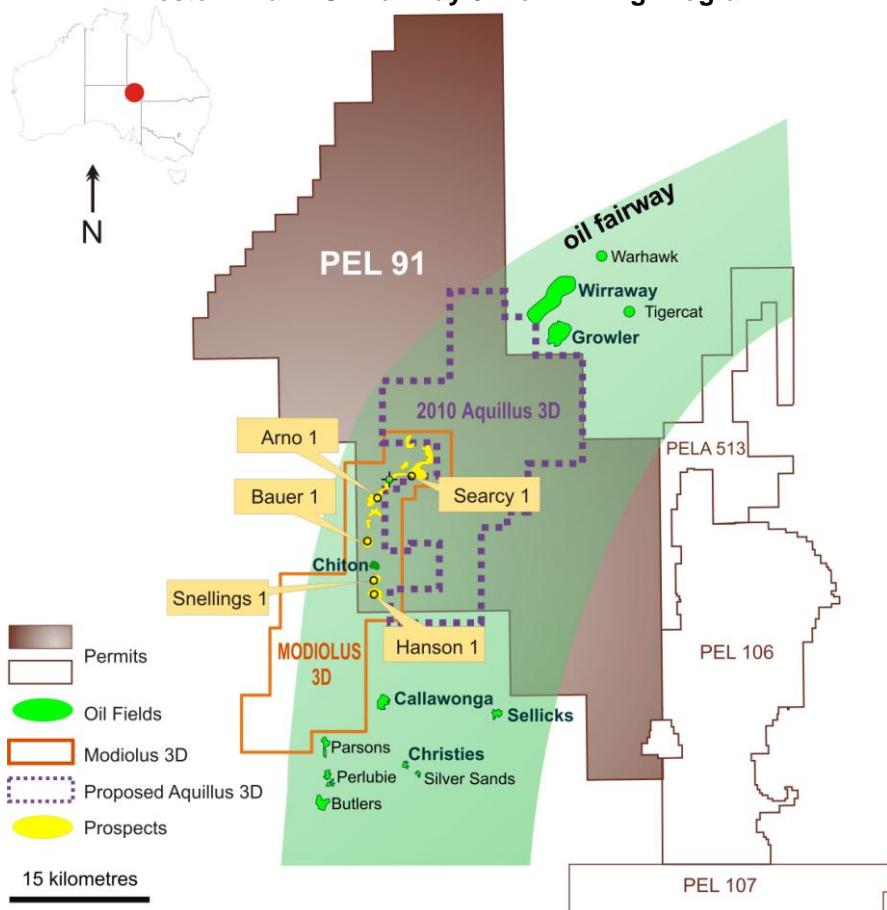
A discovery in any of these prospects would add significantly to Drillsearch's Reserves and overall production. All of these prospects are in close proximity to the Chiton Oil Field and because of their close proximity to the existing Chiton infrastructure, any discovery could be commercialised quickly and provide immediate cash flow to the Company.

To facilitate the drilling program, Beach has constructed a new access road on higher ground from the Callawonga Oil Field into the Chiton Oil Field along with the Kudnarri Bridge crossing the Cooper Creek. A forward supply camp built on the western side of the Cooper Creek at Gunyah will also support drilling and production operations in times of flooding and heavy rains.

**Ensign #18 Rig**



## Western Flank Oil Fairway 5 Well Drilling Program



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**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional oil and gas projects. Drillsearch has a strategic spread of petroleum exploration and production acreage in Australia's most prolific onshore oil and gas province, the Cooper/Eromanga Basins in South Australia and Queensland. The company's focus is on 'brownfields' exploration where geological risk is reduced and there is access to existing infrastructure, ensuring that any discoveries can be brought into production. The company also has offshore exploration interests in the Gippsland Basin.

### Competent Person Statement

Information on the Reserves and Resources in this release is based on information provided to the company by Beach Energy Ltd as operator of the PEL 91 Joint Venture and compiled by Mr. David Evans, Chief Technical Officer of Drillsearch who has given his consent as of the date of this release to the inclusion of this statement and the information in the form and the context in which they appear in this release.