

# Phoenix South-1 Well Update

23 June 2014



## Highlights

- **Operator to drill sidetrack wellbore around stuck 9 5/8" casing tool**
- **Estimated additional drilling time is approximately 20 days**
- **Potential additional cost to Carnarvon is estimated to be around \$4 million, if the drilling cost cap is exceeded**

Carnarvon Petroleum Limited ("Carnarvon", or "the Company") (ASX:CVN) reports that a new sidetrack wellbore section of the Phoenix South-1 well is required to be drilled below the 13 3/8" casing depth, due to the 9 5/8" casing hanger seal assembly running tool (CHSART) ("casing tool"), becoming stuck and preventing forward drilling progress of the current wellbore.

As reported on 13 June 2014, the Phoenix South-1 well had drilled to 3,706 m depth and was in the process of setting the 9 5/8" diameter casing to support the hole, as per standard industry practice. After setting and cementing the casing in place, the casing tool was unable to be retrieved from the wellhead.

Apache Energy ("Apache", or "the Operator") notified Carnarvon that despite several unsuccessful attempts to retrieve the casing tool, it remained stuck, and forward progress in the current wellbore was not possible.

The Operator has advised Carnarvon that it intends to cut and retrieve the casing from a point just below the 13 3/8" casing point to retrieve the stuck casing running tool. A new sidetrack wellbore will be drilled from this point down to the same depth (approximately 3,700 m) as the initial hole and the 9 5/8" cement casing will be set, as per industry practice.

The above mentioned operations are outside the scope of the original drilling plan, and the Operator estimates that this procedure could add approximately 20 days to the expected drill schedule.

The additional net cost to Carnarvon, if the total well costs exceed the farm-in cap, is anticipated to be around \$4 million for the respective time frames. Carnarvon has made provision for such eventualities and has the capacity to comfortably fund these additional costs, in the event the farm-in cap is exceeded.

Carnarvon will provide further updates on the above drilling activities as the sidetrack progresses.

The equity interest holders in the Phoenix South-1 well (upon satisfaction of the farm in agreement terms) are:

<b>Carnarvon Petroleum</b>	<b>20%</b>
Apache Energy (Operator)	40%
JX Nippon	20%
Finder Exploration	20%

**For all enquiries please contact:**

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**Yours faithfully**



**Adrian Cook**  
**Managing Director**  
**Carnarvon Petroleum**

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