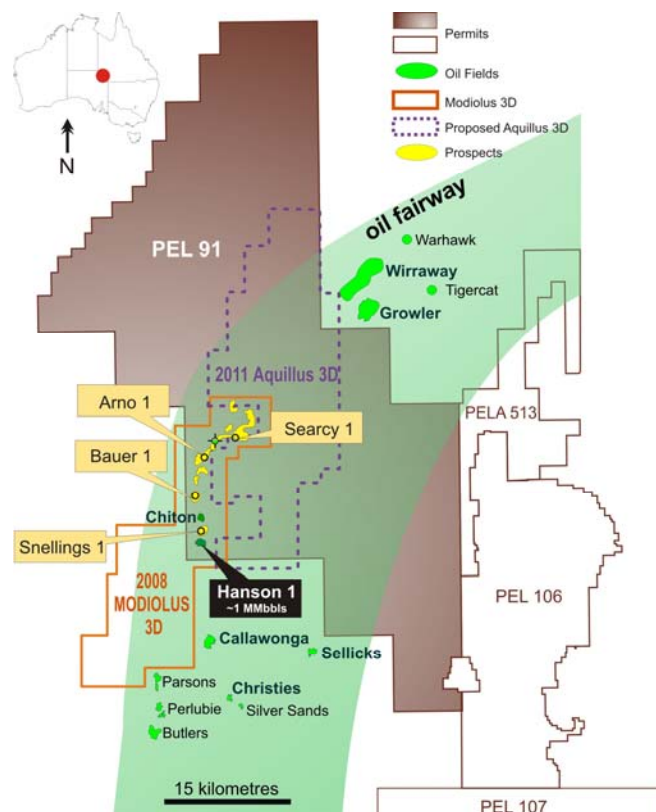


1 July 2011

## Western Flank Oil Fairway - Arno-1 Oil Exploration Well Spuds

- Arno-1 oil exploration well spuds
- Prospective recoverable oil (high) of up to 1.3 million barrels in the Namur and 500,000 barrels in the Birkhead
- Well targeting both Namur and Birkhead plays
- Drilling expected to take 10-14 days

Drillsearch Energy Limited (ASX: DLS) is pleased to announce that following its second success in the Western Flank Oil Fairway drilling program with the discovery of oil at Snellings-1 that Arno-1, the third well in the five well program spudded at 23:00hrs, Thursday 30 June 2011. Drillsearch holds a 60% interest in PEL 91 while Beach Energy (ASX: BPT) as operator holds 40%. To date, Drillsearch has drilled two new oil discoveries on the first two oil exploration wells – Hanson-1 and Snellings-1 as part of the 5-well Western Flank Oil exploration program.



The Arno-1 oil exploration well is located approximately 9km north of the Snellings Oil Discovery and 7.1km north of the Chiton Oil Field (see map above). Snellings has two primary objectives in both the Namur Sandstone and the Birkhead Formation. The Cretaceous Namur Sandstone is

productive in most of the oil fields to the south. The Intra-Birkhead Formation sands are oil productive in several structures and/or stratigraphic traps located approximately 30-50km to the north at Growler, Charo and Snatcher oil fields. Drilling will be to a total depth of 1960mRT and it is expected that the drilling will take 10-14 days.

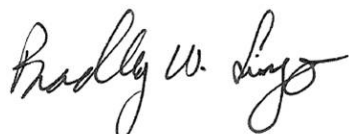
Seismic mapping of the Namur horizon indicates that the Arno structure has approximately 10 metres of structural relief and potentially encloses an area of 1.2km<sup>2</sup>. The Arno Prospect is estimated to have P10 High-side Recoverable Prospective Resource potential of up to 1.3 million barrels of oil in the Namur Sandstones and 520,000 bbls in the Intra-Birkhead Sandstones.

<b>Arno-1 Estimated Gross Prospective Resources</b>			
	Best (P50)	Mean	High (P10)
<b>Namur</b> Recoverable Oil (bbls)	760,000	790,000	1,300,000
<b>Birkhead</b> Recoverable Oil (bbls)	240,000	280,000	530,000

Details of the Arno Prospect are set out in the attached Prospect Data Sheet and accompanying maps and seismic sections.

Arno-1 will be drilled as a conventional vertical well with wireline logging and possible testing planned after the well reaches total depth. The initial target zone in the Namur Sandstone is expected to be penetrated five to seven days after spud with the Birkhead Formation target zone to be penetrated one to two days later.

Yours faithfully



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**About Drillsearch Energy Limited** (ASX: DLS), which listed on ASX in 1987, explores and develops conventional and unconventional 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.

#### **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.

## Attachments

### Arno-1 Prospect Data Sheet

Well: Arno-1

Tenement: PEL 91

Status: Exploration Well

Participants: Drillsearch Energy Limited: 60%  
Beach Energy Limited (Operator): 40%

Location: Seismic Ref: Modiolus 3D – Inline 3633, CDP 10990  
Latitude: 27<sup>o</sup> 43' 12.58"S  
Longitude: 139<sup>o</sup> 21' 28.67"E  
Northing: 6 923 717 N  
Easting: 338 123 E  
Datum: GDA 94

Total Depth: 1960 mRT (preliminary)

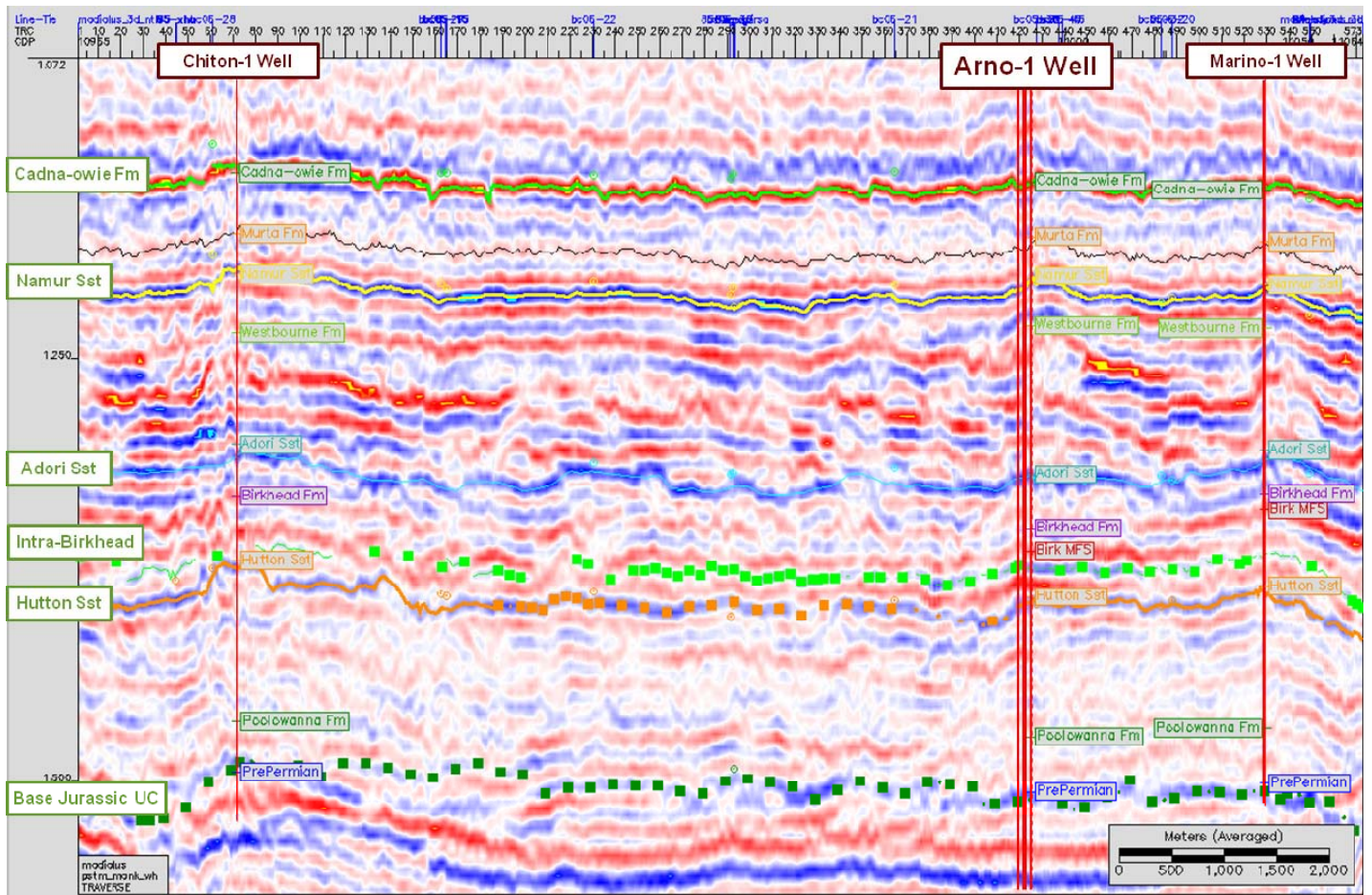
Elevation: Ground Level: 33.6m above MSL (approx)  
RT: 38.7m above MSL approx (approx)

Primary Objective: Namur Sandstone

Secondary Objective: Mid or Lower Birkhead Channel Sandstones

Nearest Wells: Marino-1: 2.3km to the north northeast  
Chiton-1: 7.1km to the south  
Ballaparudda-1: 8.0km to the northeast  
Kalladeina-1: 8.2km to the north northeast

# Seismic Traverse (south-north) from Chiton-1 to Arno-1 to Chiton-1



# Namur Sandstone Depth Structure Map

