



AWE spuds Waitsia-3 appraisal well

AWE Limited (ASX: AWE), the Operator of Permits L1/L2 in the northern Perth Basin, Western Australia, advises that the Waitsia-3 appraisal well commenced drilling operations at 19:00 hours (7:00 pm) AWST on 19 May 2017.

As at 06:00 hours (6.00am) AWST today, the well was at 1,214 m Measured Depth below Rotary Table (MDRT) pulling out of a 17-1/2 inch (445 mm) hole and preparing to run 13-3/8 inch (340 mm) surface casing.

The Waitsia-3 well will be drilled to a planned maximum total depth of 3,706 m MDRT and is forecast to take approximately seven weeks in total to complete. The well is designed to appraise the gas potential in the southern extension of the Waitsia Field, with primary targets being conventional reservoirs in the Kingia and High Cliff Sandstones.

Waitsia-3 is the first of a two well appraisal drilling program planned for the Waitsia field in 2017.

David Biggs, CEO and Managing Director of AWE, said:

“Waitsia-3 and Waitsia-4 will be the last appraisal wells drilled prior to a Final Investment Decision (FID) for the Waitsia Stage 2 full field development. Both wells are expected to be completed as production wells if results are positive.

“AWE will review its Reserves and Resources for the Waitsia field at the completion of the two well drilling program and prior to a FID.

“Stage 1A of the Waitsia Gas Project continues to exceed our pre-drill expectations. Excellent performance from multiple zones in the Senecio-3 and Waitsia-1 wells has confirmed a high quality conventional reservoir system in the Kingia and High Cliff Sandstones with excellent connectivity,” he said.

Waitsia Stage 1A supplies a Maximum Daily Quantity of 9.6 TJ/d under a 2.5 year take or pay agreement with Alinta. The gas from Stage 1A is produced via the Xyris Production Facility and delivered into the Parmelia pipeline where it is blended with gas from Beharra Springs to ensure it remains within pipeline specification for CO₂.

“The quality of produced gas from the Waitsia field is very good with insignificant levels of inerts present. Methane constitutes 93% of produced gas and CO₂ levels remain within our estimated range of 4-5%. This implies only minimal processing, such as simple CO₂ extraction, will be required for Stage 2.

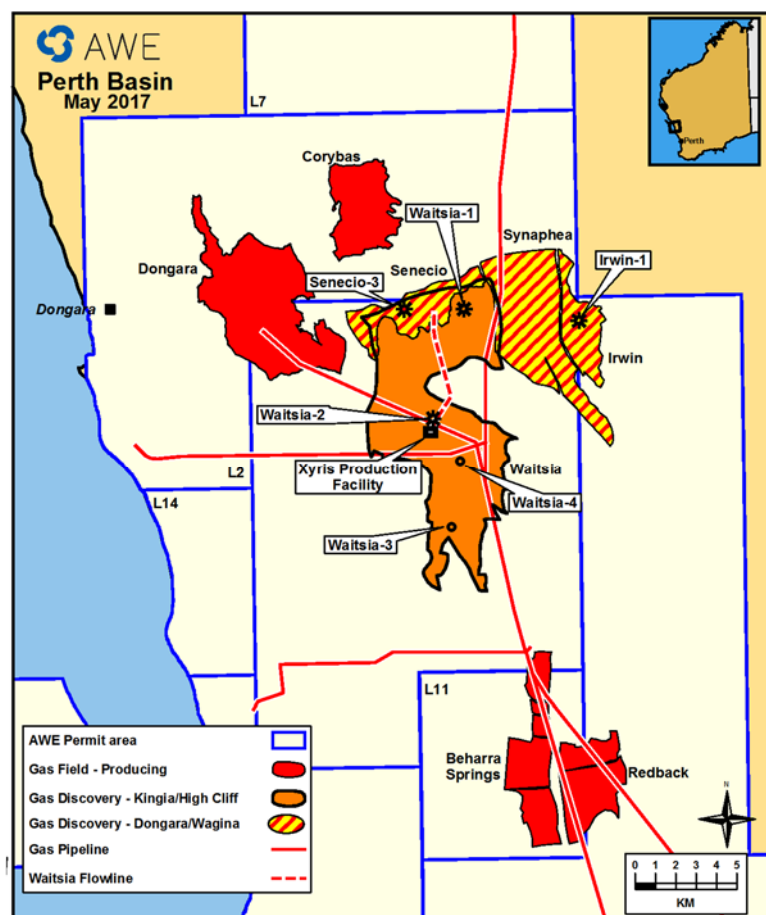
“Pre-Front End Engineering and Design (FEED) work for Stage 2 full field development is nearing completion and the joint venture will be in a position to commence FEED from June. The first term sheet for Stage 2 gas sales was agreed with AGL in February and we are aiming to contract substantial gas volumes in 2017 ahead of FID,” Biggs concluded.



The Waitsia-3 appraisal well is located approximately 19.8 km east-south-east of Dongara, Western Australia, and 10.8 km south of Waitsia-1. The approved work program for the Waitsia-3 appraisal well does not include hydraulic fracture stimulation.

The Joint Venture partners in L1/L2 are:

AWE Limited (via subsidiaries) (Operator)	50.0%
Origin Energy Resources Limited	50.0%



About the Waitsia gas field

The northern Perth Basin has been one of Western Australia's major gas producing regions for more than 50 years. Discovered in September 2014, the Waitsia field is regarded as the largest onshore conventional gas discovery in Australia for the last 30 years and has the capability to supply the domestic market with 100 TJ/d for 10 years from conventional reservoirs.

About AWE Limited.

AWE Limited is an independent, Australian energy company focused on upstream oil and gas opportunities. Established in 1997 and listed on the Australian Securities Exchange (ASX: AWE), the company is based in Sydney with a project office in Perth. AWE has a substantial portfolio of production, development and exploration assets in Australia, New Zealand, and Indonesia.

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