



4 July 2018

ASX Release

Operations Update: South Marsh Island 71

Byron Energy Limited (“Byron” or the “Company”) (ASX: BYE) would like to provide the following update on field production and specifically well performance of the SM71 F2 well at its operated South Marsh Island 71 (“SM71”) project in the Gulf of Mexico.

As noted in the Company’s recent ASX releases, the SM71 F2 well completed in the secondary B65 Sand was experiencing reservoir pressure depletion. To date, 32,466 barrels of oil and 60.9 million cubic feet of gas have been recovered, without any water, from the B65 Sand in the SM71 F2 well. This data, along with pressure data indicates an estimated trap size of 3 acres, whereas the targeted seismic anomaly size was 175 acres. This provides strong evidence that the B65 Sand intersected by F2 is isolated from the main B65 Sand target area. The F2 well was recently shut in to analyse the pressure build-up of the well and was brought back online on Monday 2 July 2018 USCDT. After flowing for approximately 8 hours, the F2 well ceased production of hydrocarbons and has been shut in.

As reported previously, the SM71 F2 has two remaining hydrocarbon zones, the B55 and J1 Sands with 50,000 to 100,000 barrels expected to be recovered from each zone. The Company will initially perforate the B55 Sand and verify that economic flow rates can be achieved. When the B55 Sand ultimately ceases production, the J1 Sand would be recompleted before the Company will propose redrilling the well to the main B65 Sand area. Due to equipment availability, the initial B55 Sand recompletion work is expected to take place in early September.

The B65 Sand is one of many focus areas of the recently announced seismic processing project Byron is undertaking with Schlumberger’s subsidiary WesternGeco to help determine the placement of future wells.

The SM71 F1 and F3 wells, are performing to expectations and overall production rates will be largely unaffected by the shut in of the F2 well. Current daily field production at the test separator is 4,245 barrels of oil, 2.0 million cubic of gas and no water from the F1 and F3 wells. Actual sales volumes will be approximately 5% less due to oil shrinkage in the system. June gross production totals were 116,715 barrels of oil and 90.8 million cubic feet of gas from the platform with minor downtime. As of 30 June 2018, total gross field production is 360,000 barrels of oil and 276 million cubic feet of gas. The SM71 F1 and F3 wells will continue to be managed to ensure maximum recovery from the field’s primary D5 Sand reservoir.

Byron, through its wholly owned subsidiary Byron Energy Inc., is the operator of SM71 and holds a 50% working interest and a 40.625% net revenue interest in SM71. Otto Energy Limited group (**ASX: OEL**) holds the remaining interest in SM71.

CEO Comment

Maynard Smith, Byron’s CEO had this to say regarding the performance of the SM71 field:

“We are very pleased with the SM71F1 and F3 well production and of course very happy with the revenue produced by the SM71 field. While the performance of the F2 well is unfortunate, I am encouraged that we have other oil opportunities to produce in the wellbore and because no water was ever recovered from the B65 Sand in the F2 well, we believe there is significant potential in the B65 Sand that will be exploited later.”

“Coupled with consistent production and current strong oil prices, the SM71 F1 and F3 wells are providing strong cash flow for our company and will be managed properly to ensure steady income to fund our program of growth in the Gulf of Mexico across our other leases.”

For further information, please contact:

Maynard Smith
CEO
61 2 6685 3115

Peter Love
Investor Relations
61 7 3121 5674

About Byron:

Byron Energy Limited (“Byron or the Company”) (**ASX: BYE**) is an independent oil and natural gas exploration and production company, headquartered in Australia, with operations in the shallow water offshore Louisiana in the Gulf of Mexico. The Company has grown through exploration and development and currently has working interests in a portfolio of leases in federal and state waters. Byron’s experienced management team has a proven record of accomplishment of advancing high quality oil and gas projects from exploration to production in the shallow water in the Gulf of Mexico. For more information on Byron please visit the Company's website at www.byronenergy.com.au.
