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Company Announcements Office
ASX Limited
4th Floor
20 Bridge Street
Sydney NSW 2000

CAMBAY-77H – Interim Flow-back Update

- Cambay-77H continues to recover light oil and frac fluids
 - Encouragingly, no formation water has been encountered during flow-back
 - Flow-back results continue to show evidence that Cambay-77H can be a high performance well
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Oilex Ltd (ASX: OEX, AIM: OEX) is pleased to announce that Cambay-77H continues to produce light crude oil and gas as the well recovers frac water during clean-up.

Cambay-77H crude oil recovered from flow-back operations is currently being transported to a nearby refinery for sale, where it attracts a price similar to Bonny Light Crude. Gas produced concurrently with crude oil during flow-back continues to be flared to ensure safety of all well-site personnel.

Samples of the oil, gas and water have been shipped to facilities for analysis. Preliminary analyses of the recovered water have been received and confirm that the water is consistent with frac water and not formation water. Oilex is currently awaiting analysis results for the oil and gas samples.

Oilex is also pleased to confirm the following field measurements recorded during flow-back and clean-up of Cambay-77H:

- Light crude oil/condensate average of API 48.3°,
 - Highest API value - 50.1° and lowest value of 43.6°
- Hydrocarbon liquid to gas ratio is calculated to be:
 - Cumulative basis - ~120 bbls per MMscf
 - Average while flowing the well – ~130 bbls per MMscf
 - This is ~ 300% higher than anticipated as part of the well design
- Downhole pressure and pressure build-up surveys conducted during the initial flow-back operation have been compared to frac operations pressure data and confirm the following:
 - Original reservoir pressure from pseudo-radial flow results of the micro-frac was calculated to be ~4330 psi, as announced on 02 July 2014
 - Flowing Bottom Hole Pressure (FBHP) in the horizontal section was measured to be between ~2250psi to 2500psi.

The data collected to date during flow-back operations are interpreted by Oilex as follows:

- The light crude oil is consistently measured in the range of API 45 – 50 degrees and therefore may be considered a condensate. However as seen in the accompanying photograph, Cambay-77H liquid hydrocarbon has the appearance of other Cambay crudes. It is of high quality and the laboratory results will provide more information.
- On the basis of the recent laboratory analysis, the water being recovered is frac water. To date, no aquifer has been identified nor has any gas-water contact (GWC) or oil-water contact (OWC) been intersected in the 39 well penetrations of the Y zone Eocene reservoir section within the Cambay PSC.
- Pressure data indicates a partial clogging of the well bore perforations. This situation has occurred in frac'd vertical wells in the Cambay Basin and can be commonly encountered in the industry. At Cambay-77H, partial blockage appears to be caused by residue from the breakdown of the polymer gel, used in the frac fluid, and very fine particulate matter. This can be effectively treated using proven industry techniques. As such, Oilex, on behalf of the Cambay Joint Venture, is preparing a remedial treatment plan using coiled tubing to deliver a chemical flush to clear possible blockages that may exist. This type of remedial treatment is common practice and not unexpected for the first well of this design in India

Managing Director of Oilex, Ron Miller, said;

“It is a nice sweetener to continue production of crude oil which sells for an attractive price during flow-back and clean-up as some North American wells only flow water during early clean-up. To date, the data collected continues to support Cambay-77H as capable of being a high performance well compared to previous well designs consisting of vertical or deviated wells with single fracs in the Cambay Basin. As the first well of this type in the Cambay Basin to “*flow-back and clean-up*”, it is not unexpected for some remedial work as part of those operations.”



Cambay crude oils and condensates.

For and on behalf of Oilex Ltd

**Ron Miller
Managing Director**

For further information, please contact:

Oilex Ltd

Ron Miller, Managing Director
Email: oilex@oilex.com.au
Tel: +61 8 9485 3200
Australia

RFC Ambrian Limited

Nominated Adviser and AIM Broker
Samantha Harrison
Email: samantha.harrison@rfcambrian.com
Tel: +44 203 440 6800
UK

Tavistock Communications

Ed Portman
Email: eportman@tavistock.co.uk
Tel: +44 207 920 3150
UK