

## **First Production from Wet Gas Joint Venture with Santos**

- **Cadenza<sup>1</sup> begins production**
- **Yarowinnie South and Varanus South expected to start production early in the second half of FY2016**
- **Drillsearch's share of connection costs free-carried**

Drillsearch Energy Limited (ASX: DLS) announces the start of production from the company's Western Wet Gas joint venture with Santos Limited in the Cooper Basin (Drillsearch 40%, Santos 60% and Operator).

The joint venture with Santos is Drillsearch's second producing Wet Gas joint venture, after the Western Wet Gas joint venture with Beach Energy.

The tie-in of Cadenza is part of an active program of Wet Gas connections underway in FY2016. The next two wells planned to be brought online by the joint venture, Yarowinnie South-1 and Varanus South-1, are expected to be connected and commence producing early in the second half of FY2016.

Drillsearch Chief Executive Officer Walter Simpson said:

*"The start-up of production in our joint venture with Santos is an important milestone.*

*Our FY2016 connections program remains on track and we are on target to derive a bigger contribution to production from Wet Gas starting from this year."*

Drillsearch's share of the connection costs is covered by the continuing free-carry under the Santos farm-in arrangements announced in July 2013.

Production from Cadenza is transported by pipeline to the South Australian Cooper Basin Joint Venture's gathering network at Mica (see Figure 1 below) before being sent on to the processing facilities at Moomba. Drillsearch's share of production from Cadenza is covered by long term gas sales arrangements announced in conjunction with the Santos farm-in in July 2013.

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<sup>1</sup> See ASX Announcement confirming discovery at Cadenza-1 by Great Artesian Oil and Gas Limited (ASX:GOG), released 6 June 2006.

Figure 1 – Cadenza, Yarowinnie South-1 and Varanus South-1 connections:

