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Significant Progress on Flax/Juniper Field Diagnostics and 2012 Drilling campaign

Acer Energy Limited (ASX: ACN) is pleased to provide an update on:

- progress made in its review of the Flax and Juniper oil field diagnostics which are aimed towards firstly better understanding and then potentially redeveloping the substantial oil accumulations within those fields; and
- preparations and progress made towards its 2012 drilling campaign.

Flax & Juniper Oil Fields


The Flax and Juniper oil fields, located approximately 40km north east of the town of Innamincka, were discovered in 2004 and 2005 respectively. The primary reservoirs are in the Tirrawarra Sandstone and Patchawarra Formations with a combined P50 resource estimate of 42 MMbbls OIIP (*¹Risc Independent Technical Specialist's report January 2011*).

The partially developed Flax field has to date shown relatively low permeability and productivity. The company however, believes there is the potential to substantially unlock the significant Flax and Juniper volumes through the application of both established and new technologies – some of which are being successfully used in tight oil reservoirs in the US. Following a strategic review the company has embarked upon several work streams including the following, to better understand the fields' potential.

3D Seismic Acquisition Complete

Acer Energy Limited (as Operator) advises that it has successfully completed a 3D seismic acquisition program across Petroleum Retention Leases 14, 17 & 18 (ACN 62.5%, AGK 37.5%). A total of 141 km² was acquired with a wide azimuth, high fold design so as to utilise advances in processing and imaging which have been proven elsewhere, notably in North America. Terrex Seismic has demobilised and data processing has commenced.

The 3D seismic acquisition is the initial step in a revitalised technical program agreed by Acer Energy and AGL Energy which is aimed at achieving a greater understanding of the fields' reservoir characteristics as well as identification of optimum drilling locations across all leases.



Phase 1 Flax-Juniper Reservoir Evaluation Study Complete

In combination with the 3D seismic program, the first phase of the Flax-Juniper Reservoir Evaluation Study has been completed. Tight reservoir specialists Schlumberger have completed a comprehensive review of all Flax and Juniper data, completions and geological information and provided their findings together with suggestions for improvement and comparisons with other similar fields. Phase two of the study will focus on optimising the completion methodology for the planned 2012 drilling program with the aim of maximising oil recovery from the Flax and Juniper fields. The Schlumberger tight reservoir centre in Denver has been engaged to act as peer reviewer and to utilise the extensive knowledge base of Schlumberger specialists in North America.

2012 Drilling Campaign

Following on from the 3D seismic acquisition, the company is progressing a multi well drilling campaign across PRL 14, PRL 17, PRL 18 and PEL 103 permits scheduled for the 1st half of 2012. Expressions of Interest have been received and a formal tender evaluation process is underway and anticipated to be complete in the coming months.

Banyan Prospect (PEL103)

Banyan is an oil prospect located up-dip from the Sprigg South 1 well which was drilled in November 2003 and encountered oil shows in the Hutton sandstone, Poolowanna formation, and the Paning member. The company is planning to process 3D seismic data subsequently acquired over the Banyan prospect to determine optimum drilling locations for a planned well as part of the 2012 drilling campaign.

RISC¹ supports an un-risked OIIP volumetric assessment for Banyan of 2.4 MMbbl.

¹*Risc Independent Technical Specialist's report January 2011*

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