

28 July 2014

ASX Release
Byron Energy SM 6 #1 BP02 Drilling Update – No. 18

Byron Energy Limited (“Byron or the Company”) (ASX:BYE) advises the Byron Energy SM 6 #1 BP02 (“SM 6 #1 BP02”) well operation, on July 23, 2014 (USA Central time), while drilling the cement and cement float collar equipment, was proceeding as planned until the rig top drive broke down at 8 PM (USA Central time) at which time it was only possible to slide through the remaining cement. This proved to be very slow and was deemed to be risky, as there were still metal fragments in the hole from the float collar. The top drive also appeared to have a serious problem that could not be fixed in a short period of time. The combination of metal fragments and no serviceable top drive required an attempt to pull out of the hole at which time the drill pipe immediately became wedged in the cased hole.

After 48 hours, the rig’s top drive was still not fully operational and appears to have significant issues. The Company was, however, successful backing off the drill pipe about 80 feet (24 metres) below the F40 Sand. Both the F30 and F40 hydrocarbon zones are unobstructed and still capable of being completed for production. Several attempts to remove the remaining stuck drill pipe were unsuccessful. Furthermore, the top drive issues are not likely to be resolved in a short timeframe and because of this Byron has decided that the only prudent course of action is to suspend operations on this well and leave it in a condition that allows completion in the F30 and F40 Sands in the future.

Because of the potential for numerous pay sands in this prospect, it was always intended that Byron would produce these sands from multiple wellbores. It is therefore the Company’s current intention to come back to South Marsh Island Block 6 (“SM 6”) and drill a second well to the G, H and I sands utilising the existing caisson that was driven for the Byron Energy SM 6 #1 well (which subsequently became the SM 6 #1 BP02 bypass well).

The current operation as at 4 pm on 27 July 2014 (USA Central time) on the SM 6 #1 BP02 well is rigging down equipment and preparing to set temporary plugs.

The SM 6 #1 BP 02 well is located in SM 6, offshore Louisiana, 216 km southwest of New Orleans, Louisiana, USA, in a water depth of approximately 65 feet (20 metres). Byron, through its wholly owned subsidiary Byron Energy Inc. (the operator), has a 100% working interest and a 81.25% net revenue interest in SMI 6.

Byron will provide further progress reports as material information becomes available.

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