

16 July 2014

**Petsec Energy's Louisiana Gas/Condensate Discovery
Commences Production***Petsec Energy Ltd (ASX: PSA / OTC ADR: PSJEY)*

Petsec Energy (the "Company") is pleased to advise that its recent gas discovery - the Adeline Sugar Factory ("ASF") No. 4 well which reached a total depth of 15,300' on 9 May 2014, commenced production on 30 June 2014. The well is producing at a rate of approximately 8 million cubic feet of gas per day ("MMcfd") and 50 barrels of condensate per day ("bcpd") on an 11/64th inch choke.

The well, located in the Jeanerette Field, St. Mary Parish, onshore Louisiana was tested at a peak flow rate of 15.8 MMcfd and 105 bcpd through a 16/64th inch choke, at a flowing tubing pressure of 7,890 pounds per square inch ("psi") in June 2014. The well will be produced at lower rates while reservoir and facilities performance are monitored.

The ASF No. 4 is the first well drilled on prospects acquired in a recently completed transaction announced to the ASX on the 7 July 2014.

Petsec Energy's Chairman, Mr Terry Fern, commented:

"This initial success of the ASF No. 4 well is an endorsement of the Company's decision to return to its core strength of exploration of high potential, high impact conventional oil and gas prospects. The Company looks forward to the prosecution of its strategy and increase in drilling activity over the coming months".

Participating working interests in the well are:

Petsec Energy Ltd	12.50%
Private Companies	87.50%

Details of the well:

Well name:	Adeline Sugar Factory No. 4 well
Type of well	Producing well
Location of well	Jeanerette Field, St. Mary Parish, Louisiana
Final total depth:	15,300 feet (4,663 metres)
Operator:	Private company
Petsec working interest:	12.5%
Petsec net revenue interest:	9.0%

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Petsec Energy Ltd is an independent oil and gas exploration and production company listed on the Australian Stock Exchange. It has operations in the shallow waters of the Gulf of Mexico and state waters of the Louisiana Gulf Coast region of the USA, and exploration activities in the Gulf Coast onshore and bay areas of Texas and Louisiana, USA, and Yemen.