

# The Sundance Star

The official shareholder newsletter for Sundance Energy. (ASX: SEA)

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## Message from the MD

Welcome to the third edition of the Sundance Star. The past twelve months since our last edition have certainly been a rollercoaster ride for world commodity and capital markets.

I'm pleased to note that Sundance successfully managed this volatility, and we head into 2010 in a strong position with new momentum. We are cash flow positive, debt free, are ramping up drilling activity, anticipate continued increasing production and have a positive market outlook.

Like many others in the industry, the first half of 2009 was slow for Sundance. In response to the world market environment, we took a measured approach to development.

We deferred some of our drilling and development programs in order to conserve cash and maximise our shareholders' opportunities for long term accretion.

We also undertook both an internal and independent review of our operational and corporate activities. These reviews resulted in a number of recommendations for improvement, many of which have already been implemented and are helping to deliver a strengthened balanced sheet and reduced overheads. The review also confirmed that Sundance's strategy is a sound one: that is, to acquire and develop early stage oil resource plays, leverage our technical expertise to develop them to the point of production, and then realise further value through partnering with larger operators or monetising those assets.

Now, as we head into calendar year 2010, with a more optimistic world market outlook, I am pleased to report a ramp-up of operational activity on our expanded US asset base.

We currently have an active drilling program underway in our new DJ Basin Boomerang Prospect, and

have successfully reworked several high ownership wells in the South Antelope and May-Jon Prospects. These wells are already displaying a material increase in production levels. In the 2009/2010 Fiscal Year we expect to participate in 20-30 new wells, contributing to a steadily increasing production forecast. Our focus remains on low risk oil resource plays, whose positive economics improve even further with falling development costs and recovering commodity markets.

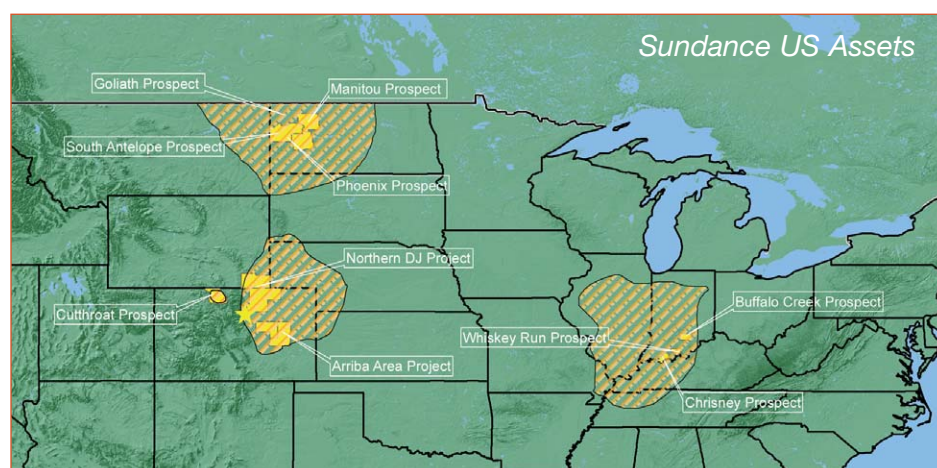
Sundance also recently signed an MOU with Beach Petroleum (ASX:BPT), forming an exciting alliance designed to jointly identify, evaluate and potentially acquire new unconventional oil and gas assets in Australasia. The logic behind this proposal is compelling, and will leverage Sundance's and Beach's technical expertise to the benefit of both companies' shareholders. At a corporate level, we have also welcomed two new Board members in recent months, Damien Hannes who is already serving, and Reg Nelson who will join soon, adding to the experience and depth of our leadership team.

## Drilling production and acreage acquisition ramps up

After a quiet first half of 2009, Sundance has stepped up operational activities across its US oil projects. Our Company has a 15 - 20 well program currently underway at its new Boomerang prospect, and has recently reworked established and high ownership wells at South Antelope and May-Jon to drive up production.

### Boomerang drilling

Sundance has a 15 - 20 well drilling program underway at its new Boomerang Prospect, located in the DJ Basin in north-eastern Colorado. The first well in the program spud on 1 September 2009, and since then, the operator, Synergy Resources, has successfully reached target depth on ten additional wells. These wells are scheduled for fracture stimulation soon. The next phase of drilling is set to commence in January and will see five new wells drilled. Sundance retains a 12.5% working interest and a 75% net revenue net interest in the majority of wells at Boomerang.



### Arriba Project Area

This new, exciting project which includes as many as six distinct prospects, is located in the south eastern part of the DJ Basin in Colorado. The primary target horizon for each is the oil bearing Atoka Formation, with secondary target horizons in the Morrow Sandstone, Cherokee, Marmaton, Missouri, Dakota J Sand and Codell Sandstone.

As of this date, the Company has amassed in excess of 34,000 acres across the project area.



# Drilling production and acreage acquisition ramps up *continued*

## Phoenix Prospect

The Phoenix prospect is located in the centre of the Williston Basin in McKenzie County, North Dakota. Sundance recently concluded a sale of 90% of its non-producing leasehold in this prospect to EOG Resources, while retaining full ownership of its 100% owned horizontal Bakken Chase 21-30H well.

It is expected that EOG will commence a continuous drilling program in this prospect early next year; Sundance anticipates as many as 8-10 wells will be drilled here in 2010.

## South Antelope wells back on line

Production continues to increase at South Antelope, with four wells in which Sundance owns significant equity interest recently undergoing work overs to enhance productive capabilities.

Operator Helis Oil & Gas shut-in each well to allow them to be cleaned out and have tubing run prior to placing each on pumping units. The four wells,

the Levang 4-13H, the Henderson 4-1H, the State 4-36H and the Jones 4-24H, have now all returned to production on pump and each has shown a material increase in production.

South Antelope operator Helis Oil & Gas has expressed intent to recommence operations in March / April 2010, subject to financial market conditions.

Helis has proposed an 8-10 well campaign in 2010.

## May - Jon Prospect

Sundance also recently completed operations at the May - Jon Prospect in the DJ Basin, Colorado. The Company has two 100% owned wells in this Prospect, the May Jon 1 and the May Jon 23-5D#. In late October, the May Jon 23-5D #3 was successfully fracture simulated in a new horizon, with the initial results indicating that the comingled production has the potential for a near term material increase in this prospect's overall production.

# Industry veteran to join SEA Board

Sundance is very pleased to welcome Reg to its Board, following the announcement of the MOU with Beach in October. The Board believes that his technical and corporate experience will add tremendous value to the Board and the Company's shareholders.

"I am excited to join the Sundance Board. This is a Company with a proven track record of identifying shale opportunities in the US market at an early stage, developing them and then bringing in larger partners.

"I look forward to working with the Sundance team to further leverage their strong US asset base, as well as explore opportunities in Australia through the proposed agreement with Beach," he said.



Reg Nelson

The name Reg Nelson has a long association with the Australian petroleum industry. Reg has been CEO or Managing Director of Beach Petroleum since 1995, and has a career spanning nearly four decades as an exploration geophysicist in the minerals and petroleum industries.

His industry credentials include former Chairman of peak industry organisation, the Australian Petroleum Production and Exploration Association (APPEA), where he remains a member of the Council.



# Join our newlist!

Keep up to date on Sundance's oil and gas news by joining our e-list. This will provide you with copies of our market announcement and reports, directly into your email as they are released. To join the list, log onto the Sundance Energy website and follow the instructions from the home page to select the targeted information you want to receive.



## Contact us

Sundance Energy, Inc.  
390 Interlocken Crescent  
Suite 640  
Broomfield, CO 80021  
Phone: (303) 543-5700  
Fax: (303) 543-5701

Sundance Energy Australia Ltd.  
32 Beulah Road  
Norwood, SA 5067  
Phone: +61 (08) 8363 0388  
Fax: +61 (08) 8132 0766

Australian Investor Relations  
Warrick Hazeldine  
Purple Communications  
Phone: +61 (08) 9485 1254

Email:  
[inquiries@sundanceenergy.com.au](mailto:inquiries@sundanceenergy.com.au)

Web:  
[www.sundanceenergy.com.au](http://www.sundanceenergy.com.au)