

## White Hat 21#1 – 30 Day Initial Production Rate Third Well Spudded on White Hat Ranch

Winchester Energy Limited (**Winchester** or **Company**) is pleased to report that the average daily production rate over the first 30 days of production (Initial 30 Day Production Rate or IP30) from the White Hat 21#1 well was 201 barrels of oil (**BO**) and 2 barrels of water for a total production of 6,030 barrels of oil.

A preliminary estimated ultimate recovery (**EUR**) for this well is 160,000 (**BO**) with an internal rate of return (**IRR**) of 106%. This modelling has been undertaken by Mire & Associates, Inc. These estimates of EUR and IRR are based on future pricing as listed by the NYMEX future strip price of oil as of today and average decline rates for Ellenburger production from Nolan County, Texas as determined by Mire & Associates, Inc.

The Managing Director of Winchester Energy, Neville Henry, commented:

"We are very pleased with the consistent rate of oil production from White Hat 21#1. To date the White Hat 21#1 has produced 6,500 barrels of oil, including the oil from the few days of swab testing prior to pump production. The water cut has dropped to between 0 and 2%. The well is yet to commence any decline in oil production. This is a successful commercial oil well even at current oil prices with an estimated payout in 9 to 10 months".

The White Hat 20#1 well which was placed on production in May 2015 significantly down-dip structurally from the White Hat 21#1 continues to perform steadily. This well has now produced 4,605 barrels of oil, with an average daily production rate of 28 BO over the time period. Over the past 30 days oil production has averaged a rate of 17 BO.

Winchester has been advised by the operator, Carl E Gungoll Exploration LLC (**CEGX**), that White Hat 21#2, the third vertical well on the White Hat lease, has spudded.

The well is located 1200 feet to the south of White Hat 21#1 and will be drilled vertically to a total depth of about 7,400 feet to test the full section of the Ellenburger Formation and the top of the underlying Cambrian Sandstone.

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ASX Code: WEL

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Non-Executive Chairman

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As announced on 24 September 2015, the operator, CEGX, has proposed 4 new vertical wells with each new well offsetting White Hat 21#1 in adjoining 40 acre well spacing units. White Hat 21#2 is the first of these 4 wells. Each of the offset wells, including White Hat 21#2, are considered to qualify as proved undeveloped locations (**PUD**) based on SEC regulations as they are one location spacing from the successful White Hat 21#1 well and supported by 3D seismic of the prospect mapped by Winchester. If White Hat 21#2 is successful, the operator plans to immediately drill the second of the 4 proposed wells. The remaining 2 wells are planned for February and March 2016.

The operator's estimated cost for the drilling and completion of White Hat 21#2 is US\$1,100,000 (which includes all surface production facilities). Winchester's share is US\$550,000 (50%).

Winchester owns a 50% working interest (**WI**) in the White Hat 20#1, White Hat 21#1 and White Hat 21#2 wells, along with a 50% working interest (**WI**) in each of the surrounding 40 acre drilling units. The remaining 50%WI in all 3 wells is owned by CEGX. Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75% working interest (**WI**) in the oil and gas mineral rights of the 7,378 acres which surround and adjoin the White Hat 20#1 well (Winchester 50% WI), the White Hat 21#2 well (Winchester 50% WI) and this new White Hat 21#2 well. CEGX owns the remaining 25%WI in these 7,378 acres. Winchester's wells and oil and gas mineral rights holdings referred to in this ASX announcement are located in Nolan County, Texas, USA. Nolan County is located over part of the Eastern Shelf of the Permian Basin, the major onshore oil producing basin in the USA.

QUALIFIED PETROLEUM RESERVES AND RESOURCES EVALUATOR STATEMENT

*The information contained in this ASX announcement regarding the EUR for the White Hat 21#1 well is based on and fairly represents information and supporting documentation reviewed by Mr. Kurt Mire of Mire & Associates, Inc., a full-time Petroleum Engineer and who is qualified in accordance with ASX listing rule 5.41 and who has consented to the inclusion of this information in the form and context in which it appears.*

CAUTIONARY NOTE

*The preliminary estimated quantities of petroleum that are potentially to be recovered from the White Hat 21#1 well have an associated production risk. They have been estimated based on average decline curves for the Ellenburger Formation in Nolan County, Texas, USA. However, the actual results in the future may not be a reflection of the average curve.*

—ENDS—

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