

## 38#1 and 38#2 Wells - Update

Both 38#1 and 38#2 wells intersected log-interpreted pay zones in the target Ellenburger Formation with comparable thickness and character to the existing five producing wells already drilled by Winchester Energy Limited (**Winchester**) and the Operator, Carl E Gungoll Exploration LLC (**CEGX**), in the White Hat oil discovery.

The 38#2 well had encouraging oil tests from three separate intervals in the Ellenburger Formation, with the upper interval producing 103 bopd (testing in daylight hours). This well is now awaiting construction of surface production facilities and pump installation.

The 38#1 well also had encouraging oil recoveries from two separate zones of the Ellenburger Formation, but influx of reservoir and drilling solids during attempted testing caused repeated clogging of perforations and the wellbore. The Operator (CEGX) intends to overcome this problem by hydraulically fracturing the zone or zones to bypass the near-wellbore area and connect with undamaged reservoir. This operation is anticipated to start within the next few weeks, subject to availability of vertical well frack contractors.

Although stable production results from these two wells will not be available for some weeks, the encouraging logs and tests increase our confidence in the potential of the White Hat oil discovery to become a significant producer with continued development.

As previously reported, 3D seismic mapping by Winchester incorporating data from old and new wells, has identified a structural-stratigraphic trap of about 10,000 acres where the Ellenburger Formation is likely to be productive. Analysis by Winchester using this 3D seismic data, along with interpretations of well samples, geophysical attributes and petrophysical data, has high graded 5,000 acres (125 well locations) in the White Hat ranch oil lease. A map of the trap area is at the end of this ASX announcement.

Both 38#1 and 38#2 wells also had oil shows in the following shallower formations: Canyon Sands, Three Fingers Shale high resistivity section and the Strawn carbonates. All of these formations have produced commercial oil in the surrounding region. Winchester has no immediate plans to test the production potential of these formations until oil production from the Ellenburger Formation declines to uneconomic levels in individual wells. Our present focus is the Ellenburger Formation.

**Date:** 28 November 2016

**ASX Code:** WEL

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Since production started from the first well in the White Hat trap in May 2015, production has increased steadily and is presently at approximately 475 bopd and 280 mcfcpd from five wells.

CEGX has a 50% interest in the five producing wells and in the White Hat 38#1 and White Hat 38#2 wells together with the 40 acre drilling units around each well. Under the terms of CEGX's agreement with Winchester, CEGX will have a 50% interest in each new well by 1 March 2017, along with each accompanying 40 acre drilling unit. After 1 March 2017, lease interests outside those drilled units will be 75% Winchester and 25% CEGX. On 1 March 2017, the operatorship of the White Hat ranch oil lease reverts to Winchester.

Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75%WI in the oil and gas mineral rights of the 7,378 acres which surround and adjoin the existing 7 White Hat wells. CEGX owns the remaining 25%WI in these 7,378 acres, all of which are located in Nolan County, Texas in the Eastern Shelf of the Permian Basin.

—ENDS—

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***Competent Person's Statement***

*The information in this ASX announcement is based on information compiled or reviewed by Mr Neville Henry. Mr Henry is a qualified petroleum geologist with over 40 years of Australian, USA and other international technical, operational and executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation, as well as new oil and gas ventures identification and evaluation. Mr Henry has a BA (Honours) in geology from Macquarie University.*

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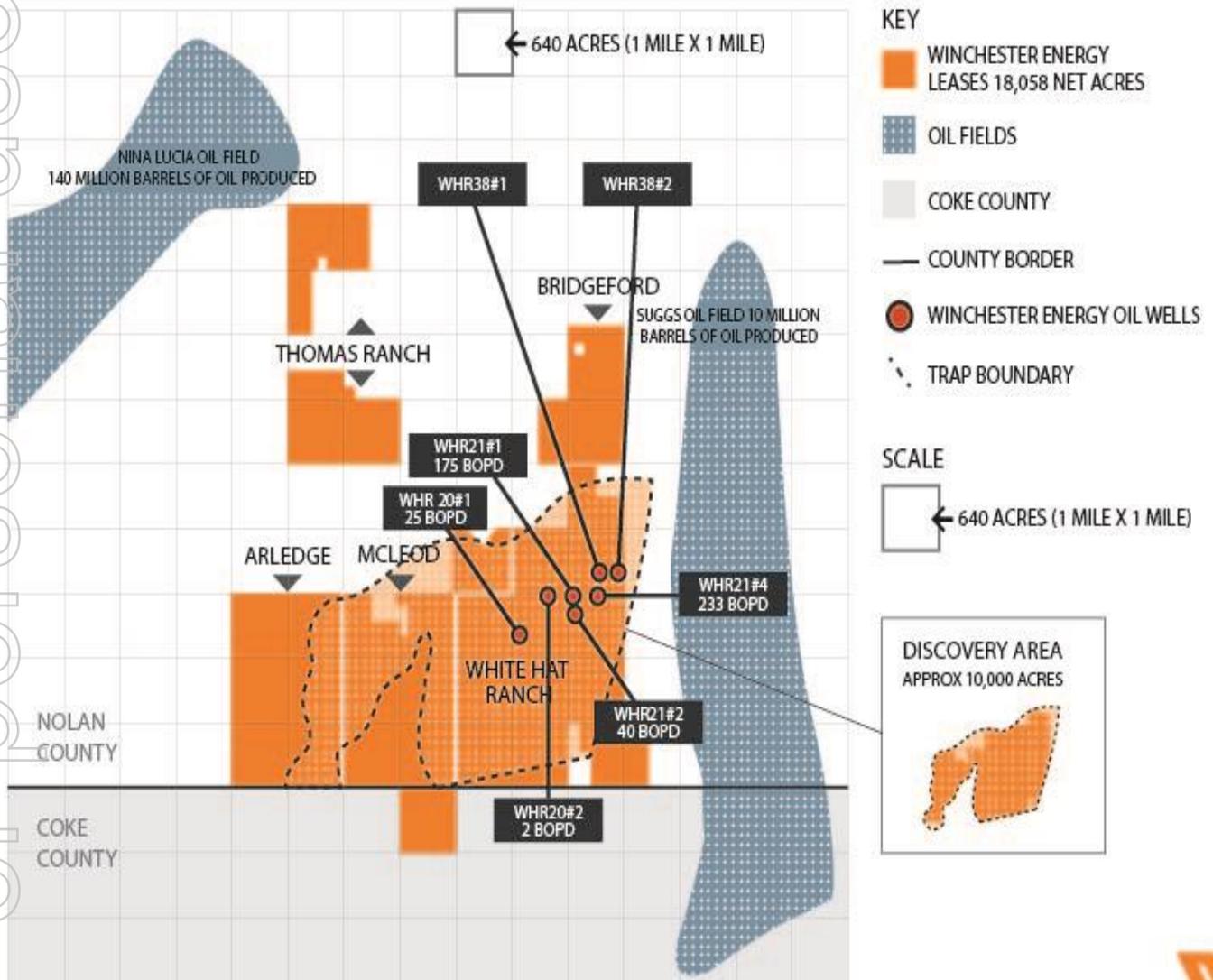


# WINCHESTER

ENERGY LIMITED

Winchester has identified a structural-stratigraphic trap of about 10,000 acres where the Ellenburger Formation is likely to be productive. Winchester has high graded 5,000 acres (125 well locations) in the White Hat ranch oil lease (see map below).

## 10,000 ACRE OIL TRAP



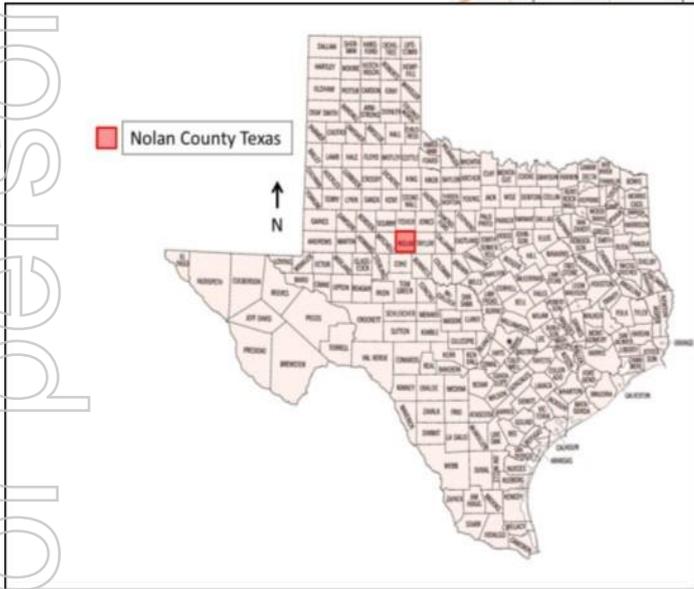
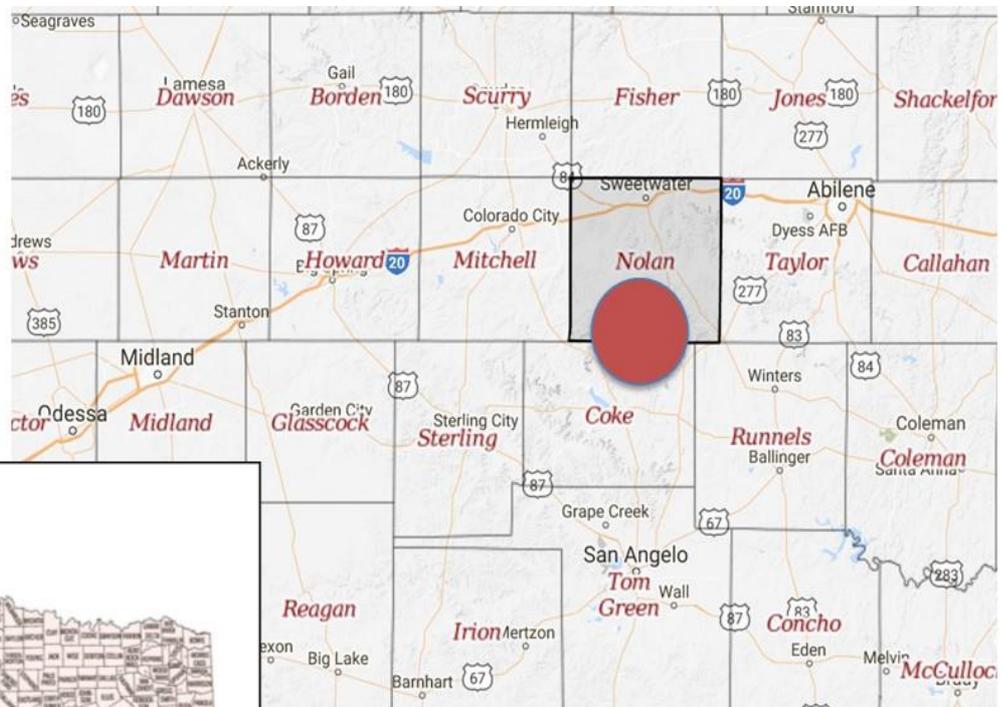
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