

## Second Successful Ultra-Short Radius Lateral Completed

### Highlights

- The second ultra-short radius horizontal lateral (Leg 2) in the White Hat 38#3ML well has reached total depth encountering approximately 61m (200ft) of good oil and gas shows in the upper Ellenburger Formation.
- This demonstrates the ability of Winchester to successfully drill multiple short radius horizontal legs from a single vertical well bore. This has resulted in significantly more potential oil pay as compared to the vertical well.
- After successfully recovering oil while swabbing, the drilling of the third horizontal lateral has commenced (Leg 3).

### Second Lateral Drilled Successfully at White Hat 38#3ML Well – (WEL 60% WI)

Winchester Energy Limited (ASX:WEL) (Winchester or the Company), as operator, is pleased to advise that it has completed the second ultra-short radius horizontal lateral (lateral) (Leg 2) in the White Hat 38#3ML well on its White Hat oil and gas lease in Nolan County, Texas, USA. This follows the completion of the first successful horizontal lateral (Leg 1) in White Hat 38#3ML announced on the 18<sup>th</sup> October 2017.

With a length of 143m (470ft), Leg 2 encountered a total of approximately 61m (200ft) of good oil and gas shows within the upper zone of the Ellenburger Formation. Together, both Leg 1 (150ft (45m) of oil and gas shows) and Leg 2 (200ft (61m) of oil and gas shows) have significantly increased the length of well bore exposed to oil and gas shows when compared to a vertical well.

Winchester has commenced drilling Leg 3 at White Hat 38#3ML. Leg 3 is targeting a different interval of the Ellenburger Formation that is productive in previously drilled vertical wells. It is anticipated that Leg 3 will reach total depth within two weeks.

Following the completion of all horizontal lateral drilling at White Hat 38#3ML, each horizontal lateral leg drilled will be treated with acid to optimize flow rates immediately prior to placing the well on production.

Date: 2 November 2017

ASX Code: WEL

#### Directors

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Non-Executive Chairman

Neville Henry  
Managing Director

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Neville Henry, Managing Director of Winchester commented:

*"The successful drilling of horizontal Legs 1 and 2 provide confidence that the ultra-short radius drilling technique is providing the Company with greatly increased exposure to oil and gas bearing zones within the Ellenburger Formation when compared to a standard vertical well.*

*We continue to be encouraged by the shows and swab results from the horizontal legs drilled and their potential impact on production rates and of using this technique in future wells.*

*We have commenced the horizontal drilling of Leg 3 which is targeting a different level of the Ellenburger Formation and we look forward to the results in the coming weeks."*

#### **Ultra-Short Radius Lateral Drilling (USR) in the Ellenburger Formation**

Winchester's deployment of USR Drilling's proprietary ultra-short radius drilling equipment and technology was expected to allow improvement in well productivity by providing the ability to intersect an increased length of oil pay in conventional limestones and dolomites with increased probability of cutting across multiple fractures and fracture zones. At the same time, these horizontal laterals are expected to also connect the zones of better productive characteristics. Visit [www.usrdrilling.com](http://www.usrdrilling.com) for details on the USR drilling technology.

The drilling and production testing thus far for Legs 1 and 2 shows that these two objectives have been successfully achieved using the USR technology.

The White Hat 38#3ML well is the first well that Winchester has operated. Winchester has a 60% working interest (WI) in the White Hat 38#3ML well but is paying for 70% of the costs of the well. This arrangement is a function of a one-off contractual agreement with former operator, CEGX, whereby CEGX is 10% free-carried by the Company in one well only. The remaining 30% WI participant and contributor to the well cost is US based drilling company, USR Drilling.

The cost of drilling Leg 2 has been approximately US\$200,000.

For further information, please contact:

Neville Henry

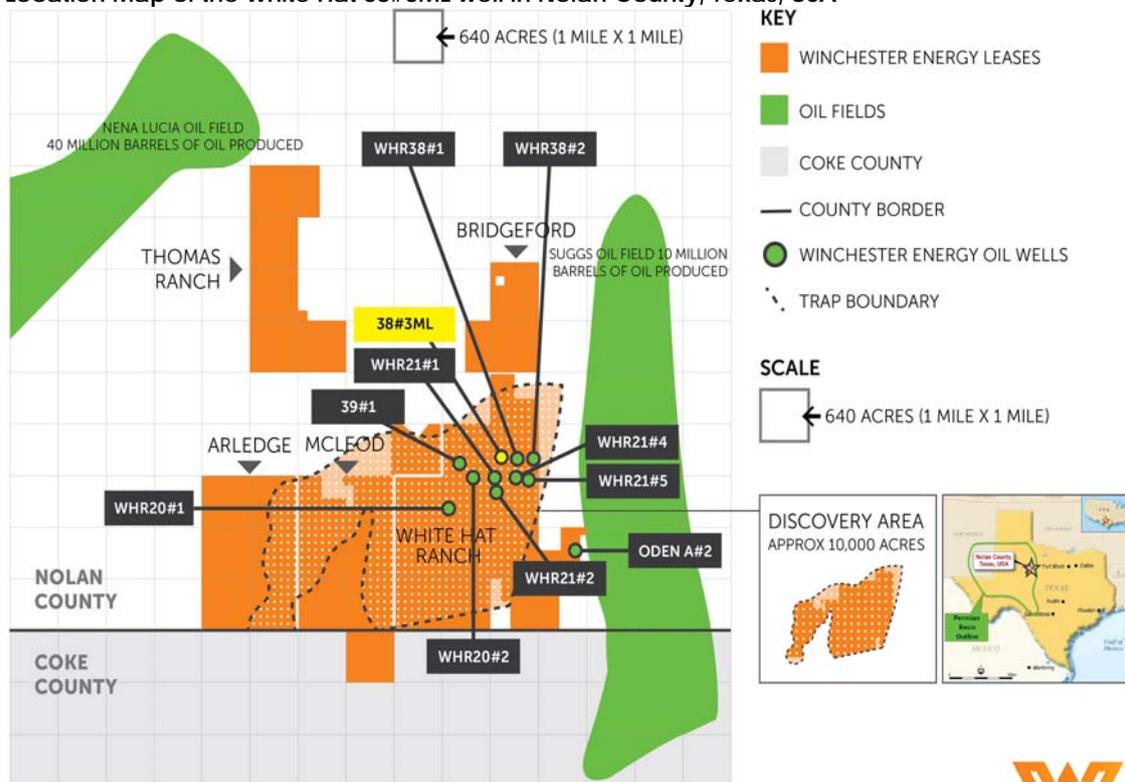
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**Location Map of the White Hat 38#3ML well in Nolan County, Texas, USA**



**About Winchester Energy Ltd (ASX Code: WEL)**

Winchester Energy Ltd (ASX Code: WEL) is an Australian ASX listed energy company with its operations base in Houston, Texas. The Company has a single focus on oil exploration, development and production in the Permian Basin of Texas. The Company has established initial oil production on its large 78 square kilometres (19,210 net acres) leasehold position on the eastern shelf of the Permian Basin, the largest oil producing basin in the USA. Winchester's lease position is situated between proven significant oil fields. Winchester is of the view that with the several known oil productive horizons in its lease holding, that it can build through the application of modern geology, 3D geophysical analysis, drilling and completion methods, a potentially significant proven reserves and oil production asset.

**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 43 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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