

## Drilling Results of White Hat 245#1 Well, Permian Basin, Texas – 50%WI

### Highlights

- Winchester participated (50% WI) in drilling vertical well White Hat 245#1 (WHR245#1) under an agreement allowing Carl E Gungoll Exploration LLC (CEGX), as operator, to drill a vertical well in an untested area within Winchester's White Hat lease.
- CEGX has advised that WHR245#1 was drilled to a total depth of 7,000 feet. The top of the Ellenburger Formation was encountered at 6,810 feet with oil and gas shows prompting CEGX to perform a Drill Stem Test (DST) from 6,830 - 6,900 feet.
- The DST recovered 250 feet total fluid with 75 feet free gas, 150 feet gas and oil/drilling mud (40% oil cut) and 25 feet of water. Although oil was recovered from the Ellenburger, the DST pressure analysis indicated low permeability with slow fluid entry.
- Wireline electric logs were run to total depth and following the logging CEGX elected not to complete the well and to hand over its 50% WI to Winchester.
- Winchester considers WHR245#1 a suitable future candidate for multi-lateral drilling given the oil present during drilling in the Ellenburger Formation. Winchester has also identified several shallower zones that were anticipated targets in the pre – drill analysis as having probable oil pay and would provide future completion candidates.

Winchester Energy Limited (**Winchester** or **Company**) has been advised by operator Carl E Gungoll Exploration LLC (CEGX) that vertical well White Hat 245#1 (WHR245#1), in which Winchester has a 50% working interest (**WI**) participation, has reached a total depth of 7,000 feet.

After encountering oil and gas shows in the Ellenburger Formation, over the interval 6,830 – 6,900 feet, CEGX elected to run a Drill Stem Test (DST) that recovered 250 feet total fluid that included 75 feet free gas, 150 feet gas and oil / drilling mud (40% oil cut) and 25 feet of water. Analysis of the DST results indicated low permeability and CEGX decided not to complete the vertical well. CEGX has advised Winchester that it will suspend the well and assign all its rights in the well to Winchester.

Winchester will now become operator with a 100% WI in the WHR245#1 well.

**Date:** January 29, 2018

**ASX Code:** WEL

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Non-Executive Chairman

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WHR245#1 is located approximately 2 miles south of the main group of oil producing White Hat Ranch wells (see map below).

WHR245#1 is up-dip from previous Ellenburger oil and gas production and is located on an Ellenburger structural closure. Further, 3D seismic and adjacent offset well log analyses indicate potential fractures in the Ellenburger Formation in the vicinity of the well as well as several overlying oil bearing shallow zones.

WHR245#1 represents the first time the Company has participated in a well in the southern portion of the large White Hat Ranch lease which has established oil in the Ellenburger Formation and several of the shallow horizons.

Drilling costs net to Winchester are US\$200,000.

Managing Director of Winchester, Mr. Neville Henry, commented:

*“Although CEGX decided to not complete the WHR245#1 well, Winchester is encouraged by the oil that was recovered from the Ellenburger and considers the well to be a strong candidate for a future Ellenburger multi-lateral completion. In addition, Winchester has also identified several shallower zones that were anticipated targets in the pre - drill analysis as having probable oil pay and would provide future completion candidates.*

*Winchester will retain 100% WI in the well and take over as operator for future activity. “*

—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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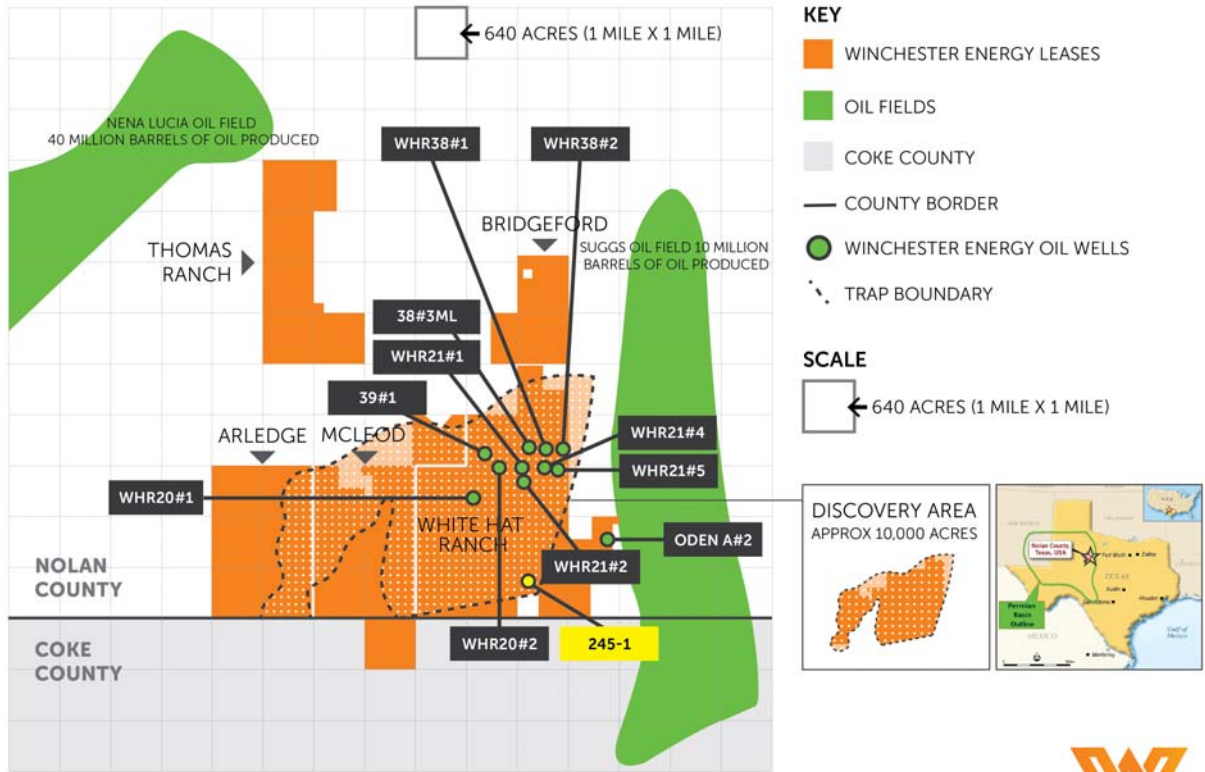


Figure 1: Location of White Hat 245#1 in Nolan County, Texas.

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