

Lateral Drilling Commences at White Hat 39#1L, Permian Basin, Texas

Highlights

- Horizontal lateral drilling has commenced in existing vertical well, White Hat 39#1L.
- The horizontal lateral is targeting a distinct series of fractures identified in the Ellenburger Formation through detailed seismic analysis.
- The lateral drilling is designed to allow significant improvement in well productivity by providing the ability to intersect an increased length of oil pay and fractures.

Winchester Energy Limited (Winchester or the Company), as operator, is pleased to advise the commencement of horizontal lateral drilling in the existing White Hat 39#1L well.

Winchester reached total depth in the vertical component of White Hat 39#1L in September 2017. The vertical well contained 20 feet of net oil bearing pay calculated over 100 gross feet in the Ellenburger Formation with an average porosity of 11%.

The lateral has now kicked off from the top of the Ellenburger at 6,708 ft and will be drilling up to 700 feet to the northwest to cut several fracture zones interpreted from the 3D seismic. It is anticipated the lateral will take two weeks to drill and will be followed by production testing.

Winchester has a 70% working interest (WI) in the White Hat 39#1L lateral, Carl E. Gungoll Exploration (CEGX) a 15% WI, Ultra Short Radius (USR) Drilling Services a 5% WI and a syndicate of technical consultants familiar with the area hold a 10% WI.

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ASX Code: WEL

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Winchester's deployment of USR Drilling's proprietary ultra-short radius drilling equipment and technology is expected to allow improvement in well productivity in non-depleted reservoirs by providing the ability to intersect an increased length of productive oil pay in the many oil bearing formations in the Winchester leasehold.

This horizontal lateral in White Hat 39#1 is designed to allow significant improvement in well productivity by providing the ability to intersect an increased length of oil pay and fractures in the Ellenburger limestones and dolomites.

The location of White Hat 39#1ML is over 1.5 miles west of the producing White Hat Ranch Ellenburger wells. There is no evidence of reservoir depletion.

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

"The Company recently demonstrated the ability to successfully drill three laterals from the White Hat 38#3ML well.

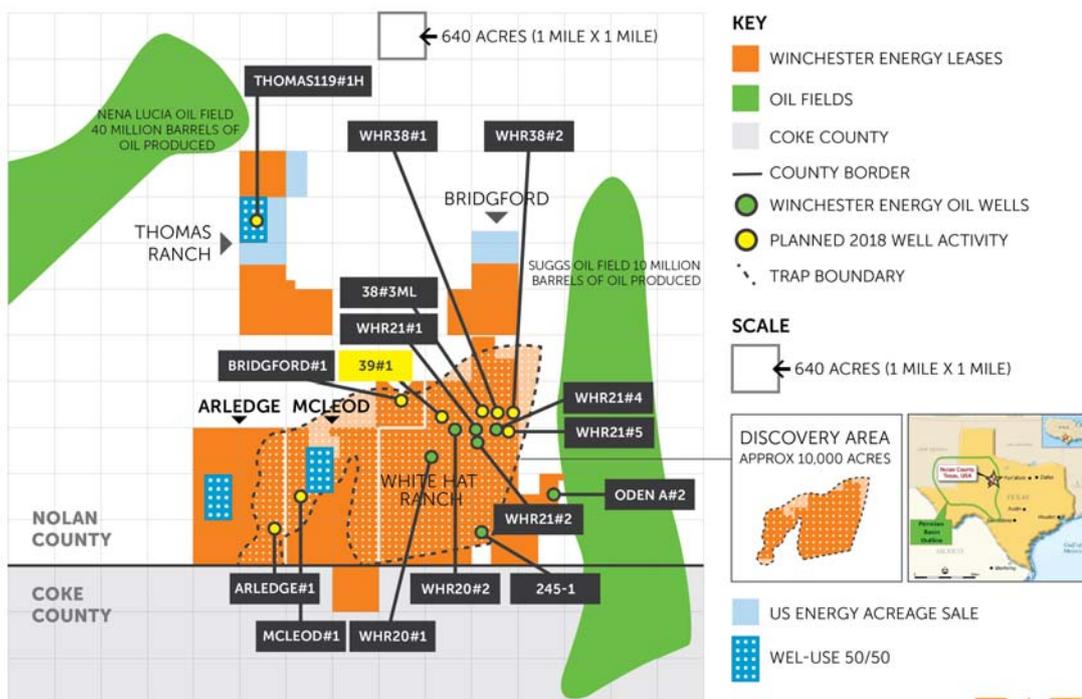
This technique and experience will be invaluable as Winchester, as operator, seeks to drill a 700ft lateral targeting specific fracture sets identified through 3D seismic.

If successful in generating highly commercial oil production, the lateral drilling of White Hat 39#1L will be a genuine game-changer for the Company."

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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 17,402 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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