

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

Highlights

- **Horizontal lateral drilling has been successfully completed from existing vertical well, White Hat 39#1L.**
- **The lateral drilled a series of fractures in the Ellenburger Formation confirming fracture analysis work on recently reinterpreted reprocessed seismic data.**
- **During the course of the lateral drilling elevated gas readings with good oil shows were observed in and adjacent to the fracture intervals.**
- **Completion of the well for production testing is in progress to determine potential improvement in well productivity by the increased length of oil pay and fractures intersected by the horizontal lateral.**

Winchester Energy Limited (Winchester), as operator, is pleased to advise the completion 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 ft of net oil bearing pay calculated over 100 gross ft in the Ellenburger Formation with an average porosity of 11%.

The lateral kicked off from the top of the Ellenburger at 6,708 ft and has now drilled 294 ft to the northwest with a measured drill pipe length of 7,098 ft cutting a major fracture zone interpreted from the 3D seismic.

Elevated gas readings with oil shows were observed within the drilled fracture zones over a cumulative length of up to 115 ft. Due to the success in encountering a series of wide fracture zones and

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associated hydrocarbon shows, Winchester has elected to curtail drilling and move straight to completion and 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.

This horizontal lateral in White Hat 39#1 is anticipated to allow improvement in well productivity as it has intersected an increased length of interpreted oil pay and fractures in the Ellenburger Formation of up to 115 ft relative to the 20 ft of net oil pay intersected in the vertical well.

The location of White Hat 39#1L 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:

“Winchester has demonstrated again that it can successfully drill a low cost horizontal lateral in the Ellenburger Formation.

The intersection of fractured intervals in White Hat 39#1L has proved the concept that specific major fracture sets can be identified through 3D seismic.

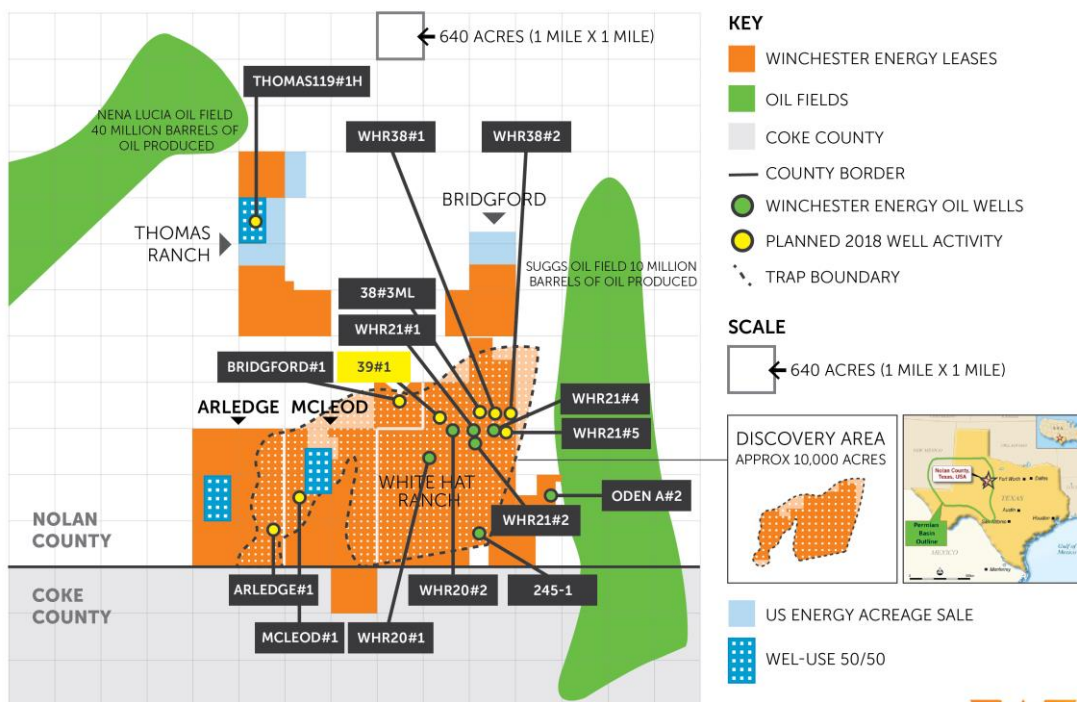
If successful in generating highly commercial oil production, the successful use of lateral drilling in White Hat 39#1L will have proven to be a genuine game changer for Winchester.

Completion and testing activities have now commenced and we look forward to informing the market of the results at the end of next week.”

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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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