

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

Highlights

- **Frack completed targeting the Strawn Formation in existing well 39#1L**
- **Well has been placed on pump with 589 barrels of fluid recovered to date, comprising 49 barrels of oil and 540 barrels of frack water**
- **Approximately 1,500 barrels of frack water is yet to be recovered, once this is achieved the well will stabilize with definitive flow rates established**

White Hat 39#1L (40.6% WEL Working Interest After Payout)

Winchester Energy Limited (Winchester), as operator, advises that it has carried out a frack of the Strawn Formation in the existing White Hat 39#1L well.

After initial swab results indicated the presence of oil, White Hat 39#1L was placed on pump. The well has recovered 589 barrels of fluid to date, comprising 49 barrels of oil (bo) and 540 barrels of water. It is estimated that there remains approximately 1,500 barrels of frack fluid yet to be recovered from White Hat 39#1L.

Upon recovery of all fluid introduced to the well during the frack procedure it is anticipated that the well will stabilise whereupon final consistent flow rates will be established.

Carl E Gungoll Exploration LLC (CEGX), a private independent Texas based company, has farmed-in to White Hat 39#1L. Winchester has a 31.5% interest before payout retaining a 40.6% working interest (WI) after payout through the program (GEGX 50% WI, USR Energy, LLC 5% WI and a syndicate of technical consultants familiar with the area a 4.4% WI).

Winchester's share of expenditure to date on the frack of 39#1L is US\$40,000.

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ASX Code: **WEL**

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Background of White Hat 39#1L

Winchester has previously reported that after simple perforation and acidisation the White Hat 39#1L well produced 1,000 barrels of oil from the Strawn Formation over 10 producing days of swabbing and pumping.

The well was perforated across a 20 feet section of the Strawn Formation and, following initial swab rates of 200 bopd, was put on pump to assess production.

As expected, the total fluid rate then diminished to 40-50 bopd as the acidized area surrounding the well bore was produced. This rate of production is regarded as significant for an un-fracked Strawn well.

A full formation build-up test was completed in November 2018 to assess the reservoir pressure and determine potential near wellbore damage, areal extent, potential formation barriers as well as any potential depletion. After almost a month of shut-in, White Hat 39#1L was opened and initially produced 30 bopd before declining gradually to its current flow rate of approximately 11 bopd.

Data collected during the full formation build-up pressure test suggested that a hydraulic fracture programme may assist in increasing the oil production rate from the White Hat 39#1L well.

Winchester currently derives production from the Strawn interval in the White Hat 20#2 well. The White Hat 20#2 well was fracture stimulated, with an initial production rate of 200 bopd and continues after 20 months of production to be an excellent producer at an average of 40 bopd in the month of December 2018 - producing over 40,000 barrels of oil to date. The revised estimated ultimate recovery (EUR) for the well is 112,000 barrels.

Winchester notes that the Strawn Formation is the largest producing stratigraphic interval in Nolan and Coke Counties with over 65 million barrels of oil produced. Winchester's leasehold is situated in Nolan and Coke Counties.

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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 17,000 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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