

## Commencement of Drilling of First Development Well in the Mustang Field, White Hat 20#5, Permian Basin, Texas.

### Highlights

- Following the success of the second well on the Mustang Prospect, White Hat 20#3 - which had initial production of 306 barrels of oil per day (bopd), Winchester has commenced drilling development well White Hat 20#5 in the 'Mustang Field'.
- White Hat 20#5 is located in the central lobe of the Mustang Field, 400 meters northwest of White Hat 20#3 and 375 meters west of White Hat 20#2. The target is the productive Strawn Fry Sand Member which is interpreted at a depth of 5,960 feet and anticipated to be approximately 50 feet thick.
- The Mustang Field has a Prospective Resource target best estimate P50 of 2 million boe recoverable and a high estimate P10 of 3.8 million boe recoverable<sup>1</sup>.
- White Hat 20#3 continues to produce significant oil, with average production of over 200 bopd gross during the past 30 days. Total production is over 19,000 barrels since coming on line in May 2019. Gas production is steady at 180 thousand cubic feet per day (mcfpd).
- The new Mustang oil discovery at White Hat 20#3 resulted in a production turnaround with June 2019 quarter working interest (WI) production of 133 bopd - more than 2.4 times the March 2019 quarter WI oil production of 54 bopd. Success at White Hat 20#5 has the potential to further enhance production and oil sales revenue.
- With success at White Hat 20#5, Winchester will likely accelerate the development of the Mustang Field central lobe, with 9 wells over 12 months.

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<sup>1</sup> Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.

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Date: 15 August 2019

ASX Code: **WEL**

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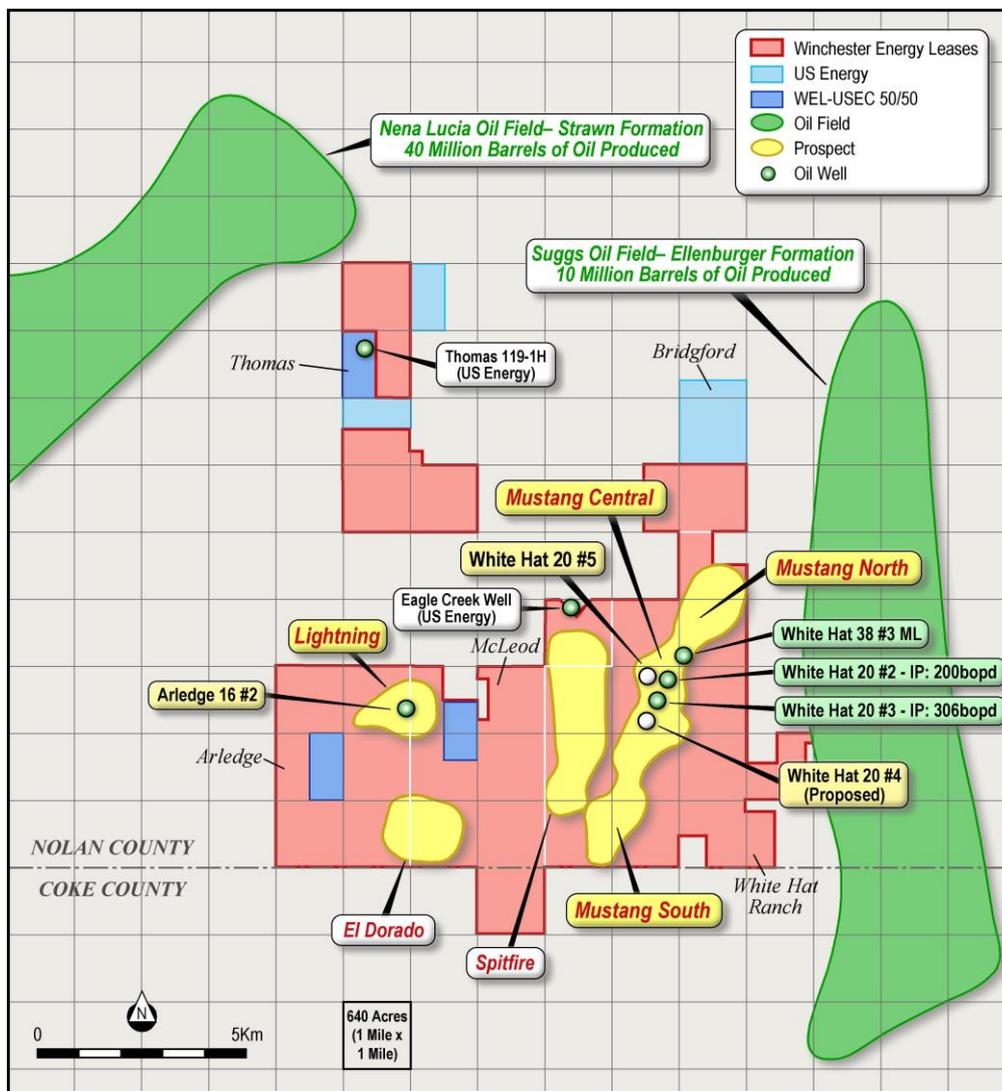
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Winchester Energy Limited (Winchester), as operator, advises that it has commenced drilling the White Hat 20#5 well targeting the Strawn formation at the Mustang Field in the Permian Basin, Texas. It is estimated that White Hat 20#5 will reach a total depth of 6,200 feet in approximately 10 days.

White Hat 20#5 is located in the central lobe of the Mustang Field, 375 metres west of the successful White Hat 20#2 and 400 meters northwest of White Hat 20#3.

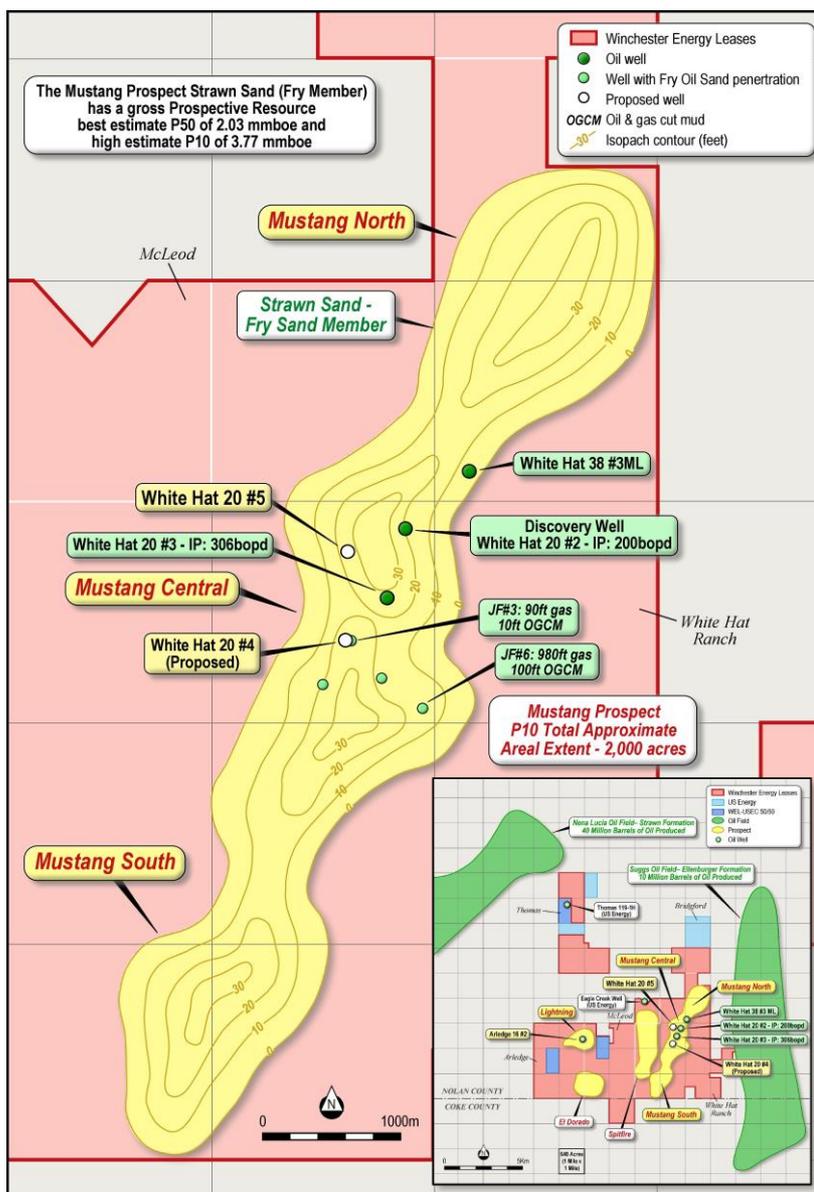
On 27 May 2019 Winchester announced an initial production rate (IP) of 306 bopd for the White Hat 20#3 well targeting the Strawn Fry Sand Member in the Mustang Field.



Winchester's Lease Position, Prospects and Wells

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Subsequently the Company advised that the White Hat 20#3 well had recorded initial gross oil production after 30 days (IP30) of 259 bopd. White Hat 20#3 is also flowing gas at a rate of 180 thousand cubic feet per day (mcfpd) which is equivalent to a further 30 barrels of oil equivalent (boe) per day<sup>1</sup>. As at 8 August 2019, White Hat 20#3 was continuing to produce over 200 bopd and gas at 180 mcfpd.



**Mustang Prospect – Conceptual Isopach Contour Map of Strawn Fry Sand from Well Control and 3D Seismic**

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This is a significant result for the company in that it demonstrates the quality of the Strawn Fry Sand Member reservoir in the Mustang Field and validates Winchester's strategy to develop Mustang with the objective of generating significant oil production and cash flow.

The success of White Hat 20#3 builds on the previously drilled White Hat 20#2 located approximately 510 metres to the north east.

White Hat 20#2 produces oil from the same Strawn Sand as White Hat 20#3 following a similar frack stimulation with initial production of 200 bopd in April 2017. This well continues to produce oil at 40 bopd. Mire and Associates recently increased the estimated ultimate oil recovery (EUR) from the White Hat 20#2 well to 112,000 barrels oil. Production from this well has been unaffected by the oil production from White Hat 20#3.

White Hat 20#5 is a high confidence well targeting the Fry Sand member within the Strawn Formation located with good well control, along the axial trend of the Fry Sand and supported by seismic amplitude response. Success in the drilling, fracking and completion of White Hat 20#5, as at White Hat 20#2 and White Hat 20#3, is intended to rapidly and significantly increase Winchester's oil production.

Carl E Gungoll Exploration LLC (CEGX), a private company, has the right to participate at a 25% working interest in the Mustang Prospect and has elected to participate in both White Hat 20#5 and White Hat 20#4 (which will follow White Hat 20#5).

### **Mustang Field Background**

The area of the Eastern Permian Basin surrounding Winchester's large leasehold position has produced over 100 million barrels of oil from the Strawn Formation and the Ellenburger Limestone.

Reprocessing of 3D seismic data and detailed analysis of past wells drilled within Winchester's large leasehold has defined several overlooked stratigraphic traps in Strawn Formation sands. The first evidence of the oil bearing potential of this 'new' stratigraphic play (the Mustang Prospect) was the successful White Hat 20#2 well.

The Mustang Field is a Strawn sand stratigraphic trap interpreted to be composed of a series of quartz, low stand sand lobes deposited in a linear NE-SW trend in front of the regional Pennsylvanian carbonate shelf located to the east.

Winchester has formulated a development plan to accelerate oil production from the Strawn Fry Sand member of the Mustang Prospect.

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Following the success of White Hat 20#3, Winchester commissioned independent U.S. based petroleum consultants, Mire & Associates, Inc. to conduct an optimization study and update of the gross Prospective Resources of the Strawn Sand Fry member within the Mustang Field. Development optimisation studies identified a further 9 well locations within the central Mustang area followed by up to a possible further 25 wells across Mustang North and South (total of 34 wells) subject to ongoing development drilling success.

The Mustang Field has a gross Prospective Resource target best estimate P50 of 2 million bbls recoverable and high estimate P10 of 3.8 million bbls recoverable. Only the Strawn sand is considered in the determination of the Prospective Resources for the Mustang Prospect.

**Prospective Resources Estimate for the Mustang Prospect (Strawn Sand Only)**

Mustang Prospect		Low Estimate P90*	Best Estimate P50*	High Estimate P10*
<b>Gross Prospective Resources<sup>+</sup></b>		1.078 mmboe	2.029 mmboe	3.773 mmboe

\* *Cautionary Statement - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.*

*mmboe (million barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. 6:1 conversion ratio is based on an energy equivalency conversion method and does not represent value equivalency. Estimates are rounded to the nearest boe.*

*+ - WEL's working interest in the Mustang Prospect is 75%. WEL's future entitlement share may be subject to reduction in the event of farmout in the future, should any farmout occur. WEL's future entitlement may also increase should the 25% working interest party (CEGX) not exercise its right to participate.*

The importance of the Strawn Formation as a potentially significant exploration and development target within Winchester's leasehold is demonstrated by successful industry activity 18 miles to the northwest of Winchester's leasehold in the Hermleigh Field.

Recent horizontal drilling and multi stage fracture programs in the Hermleigh Field have produced initial flow rates of up to 1,461 bopd from the Strawn Formation. As vertical wells, they produced at low rates of 35 bopd and 40 thousand cubic feet of gas per day.

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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 has identified several prospects across its leasehold and is currently undertaking development drilling at the newly discovered Mustang Oil Field where the recently drilled and highly successful White Hat 20#3 has initial production (IP) of 306 bopd.

#### **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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