

New Lightning Well Encounters 124 ft of Potential Cisco Conventional Sand Pay with Excellent Oil & Gas Shows

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Winchester Energy Limited (Winchester; ASX:WEL) is pleased to provide an update of exploration and development activities within its 17,266 acre lease position in the East Permian Basin, Texas.

HIGHLIGHTS

- **New Lightning Oil Field well, McLeod 17#3, has reached Total Depth at 5,692 ft with initial wireline logs indicating 414 feet of gross Upper and Lower Cisco sand section.**
- **124 feet of net conventional sand has been identified as potential pay in the Lower Cisco Sands with excellent oil and gas shows.**
- **The 124 feet of Lower Cisco Sand net pay in McLeod 17#3 greatly exceeds the net pay identified in the Arledge 16#2 discovery well (approx. 25 feet).**
- **Winchester anticipates increasing the potential net pay in McLeod 17#3 once the FMI processing and analysis is complete.**
- **At the Arledge 16#2 well, perforation and testing of the approx. 25 ft upper sand unit in the Lower Cisco Sand (Interval 4) is now underway ahead of further testing within the 340 ft gross interval above the current producing intervals.**
- **Recently drilled Mustang Oil Field well, White Hat 39#2 (30 feet of gross Strawn Sand pay), was fracture stimulated this week. The company will report on the well following recovery of the frac fluid.**
- **The next Mustang Oil Field well, White Hat 20#6, is due to commence drilling on or about 15 January 2020 – CEGX have elected to participate with a 25% working interest.**

Lightning Oil Field (Winchester 100% WI and Operator)

McLeod 17#3 (Winchester 100% WI)

The McLeod 17#3 well, the second well drilled by Winchester Energy Limited (Winchester or Company) in the Company's Permian Basin Lightning Oil Field, has reached its total depth of 5,692 ft. The objective of the McLeod 17#3 well was to further test the Upper and Lower Cisco Sands as a follow up to the Arledge 16#2 discovery.

Initial wireline log interpretation of the Lower Cisco Sand indicates 200 ft of gross pay with up to 124 ft of net pay, coinciding with excellent oil and gas shows. This substantially exceeds the pay in the same zone in the discovery well Arledge 16#2 (approx. 25 ft).

A Formation MicroImager (FMI) log has been run in McLeod 17#3 to assist in identifying additional potential net pay from laminated sands that may be present in the Cisco and underlying Canyon sections. Winchester expects that the total interpreted net pay in the Lower Cisco Sand will increase after the processed FMI data is received.

The Upper Cisco Sand is 157 feet thick with an estimated 38 feet net potential pay sand (again prior to the FMI analysis) with several additional pay zones also identified in shallower Cisco sands.

Arledge 16#2 (Winchester 100% WI)

Perforation of Interval 4 (a highly prospective sand, approx. 25 feet thick, with conventional reservoir properties) is underway. Following a short test period oil production will to be comingled with existing producing intervals 1 - 3 (see Figure 1).

The Company will then proceed with completion operations in the overlying Upper Cisco Sand. The Upper Cisco Sand interval (4735 – 4900 ft) provides significant additional potential upside and is coincident with good oil and gas shows. The company has identified an aggregate of 100 feet of potential pay in the Upper Cisco Sand with thicker sand beds than in the lower Cisco and very good oil shows.

Lightning Prospect

New Lower Cisco sand oil discovery

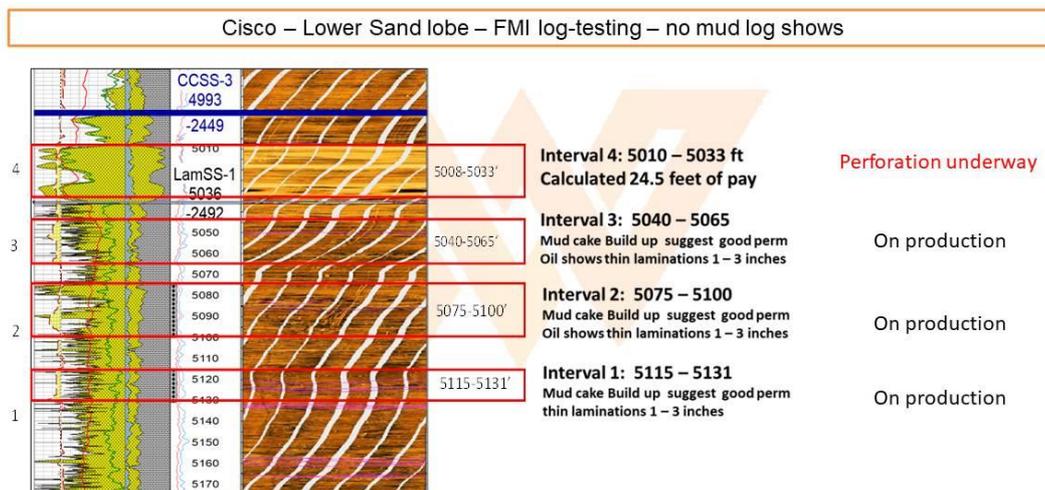


Figure 1 - Arledge 16#2 – Conventional and FMI Logs over the Lower Cisco Sands

The revised total gross pay interval of the two Cisco Sand units discussed above is 506 feet with net sand of 25 – 30%.

The discovery of a thick oil column, now in two wells at Lightning is very significant given the thickness and laterally pervasive nature of the unit.

The Lightning oil discovery is exciting and remains in its infancy. To assess the viability and long term productivity of this new play, comprehensive systematic testing and assessment is required. This will allow the Company to optimize future production rates and well spacing and in addition expand its drilling efforts.

Mustang Oil Field (Winchester 50%-100% WI and Operator)

White Hat 39#2 (Winchester 50% WI)

As previously advised, initial wireline log interpretation has indicated 30 feet of gross pay in the Strawn Sand in the newly drilled White Hat 39#2 well. The well will be perforated and fracture stimulated this week.

Carl E Gungoll Exploration LLC (CEGX) has a 50% working interest in White Hat 39#2.

Winchester is continuing to develop the Mustang Oil Field with highly commercial low-cost and low-risk wells designed to significantly increase oil production.

White Hat 20#4 (Winchester 100% WI)

White Hat 20#4 has been fracture stimulated in the Strawn Sand and remains on pump. The initial rate was 115 barrels of fluid per day and 32 barrels of oil per day (bopd). The water cut has dropped and current production is under 20 barrels of water per day (bwpd) however the oil rate has not increased as expected.

The well is currently producing 27 bopd with 10 – 20 bwpd.

The Company is in the process of reviewing the performance of the fracture stimulation. Preliminary data indicates that the frac has not effectively stimulated the reservoir and nearby fractures identified in samples are likely to have absorbed or redirected the bulk of the energy of the frac and prevented meaningful stimulation of the targeted pay zone.

The production from White Hat 20#4 is will be monitored for several weeks. There are several options available to improve the production rate, including an additional fracture stimulation in the Strawn and/or fracing the overlying Strawn Lime where very good oil and gas shows were observed. Also of note are Cisco Sands which have logged potential pay with associated oil shows.

White Hat 20#6 (Winchester 75% WI)

The next Mustang Oil Field well, White Hat 20#6, is due to commence drilling on or about 15 January 2020.

Carl E Gungoll Exploration LLC (CEGX) has exercised its right to participate with a 25% working interest in White Hat 20#6.

Managing Director Neville Henry commented:

'McLeod 17 #3 is our second test in the Lightning Prospect. It appears to be as good as, if not better than, the discovery well Arledge 16#2. The Company continues to test the Arledge 16#2 well and expects further oil contribution from the Upper Cisco Sands.

The Company is confident that through additional completion works production at White Hat 20#4 can be increased and optimized. In the meantime, development of the Mustang Oil Field continues with the completion of White Hat 39#2 and drilling at the next infill well, White Hat 20#6, planned to commence in a couple of weeks'.

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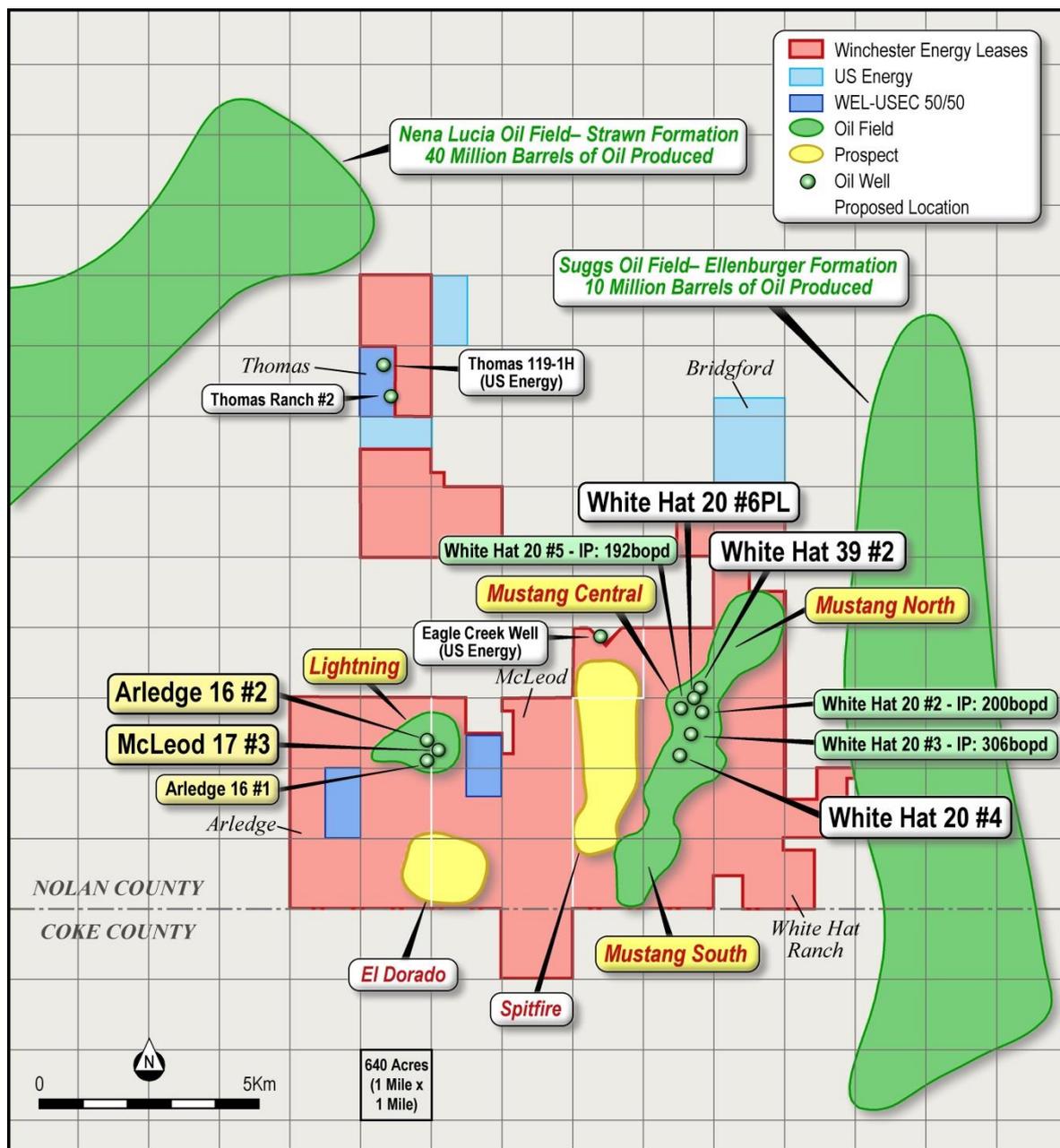


Figure 2 - Location Map - Prospects and Wells – Eastern Shelf, Permian Basin, Texas



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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.

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.