

Whitebark mobilises rig to add pump to Rex-3 at Wizard Lake oilfield to increase production

19 June 2020

Pump to be run in Rex-3 after five months of flowing unassisted

Highlights

- Rex-3 has produced approximately 35,800 barrels of oil and 251,000 mcf of gas since production from the well commenced.
- The well has flowed to surface unaided for five months, illustrating the quality of the reservoir, but now requires the assistance of a subsurface pump to increase production.
- Additional field workover activities will also be undertaken while equipment is on location.
- Funds for the work at Wizard Lake were secured via a short-term loan from Chairman Charles Morgan and corporate advisers Adelaide Equity Partners.

Whitebark Energy Ltd (ASX: WBE) (“Whitebark” or “the Company”) is pleased to announce that production from Rex-3 will recommence following the installation of a subsurface pump in the well. The running of the pump will be done along with other routine maintenance activities at the Wizard Lake Oil field in Canada. The work is expected to commence over the weekend and require seven to ten days to be completed.

Rex-3 was drilled and completed in December 2019 and has flowed unassisted since production start-up in January 2020. During the past five months Rex-3 yielded 35,800 barrels of oil and 251,000 mcf of gas. A subsurface pump will be now be placed in the well at a depth near the reservoir section. The pump will be a normal rod-driven unit and provide the required lift to bring the well fluids to surface so production can continue.

Managing Director David Messina said “It was a very pleasant bonus that Rex-3 flowed unassisted for such an extended period. The energy exhibited by the well confirms the excellent quality of the reservoir encountered by the well and reinforces the company’s decision to continue with its development activities at the field”.

To preserve existing cash, the Company obtained a short term, unsecured loan for \$200,000 from its Chairman Charles Morgan, and Corporate advisers Adelaide Equity Partners Limited via its nominee, Chesser Nominees Pty Ltd. The loan has a 10% per annum interest rate and is to be repaid prior to December 31, 2020 or from the proceeds of the next fund raising undertaken by the company.

Managing Director David Messina said “Despite the excellent results from Rex-3, the company has experienced a frustrating start to 2020 after drilling three successful wells in 2019 and building an extensive network of pipelines and infrastructure. I am pleased to advise our low operating cost structure combined with a stabilisation in oil prices is currently delivering positive cash flows. Going forward, we will continue to focus on lifting production from our base in May of approximately 200bbls oil/d to 350-400bbls/d in July and start to realise the due reward from the investment that has been made to date.”

End

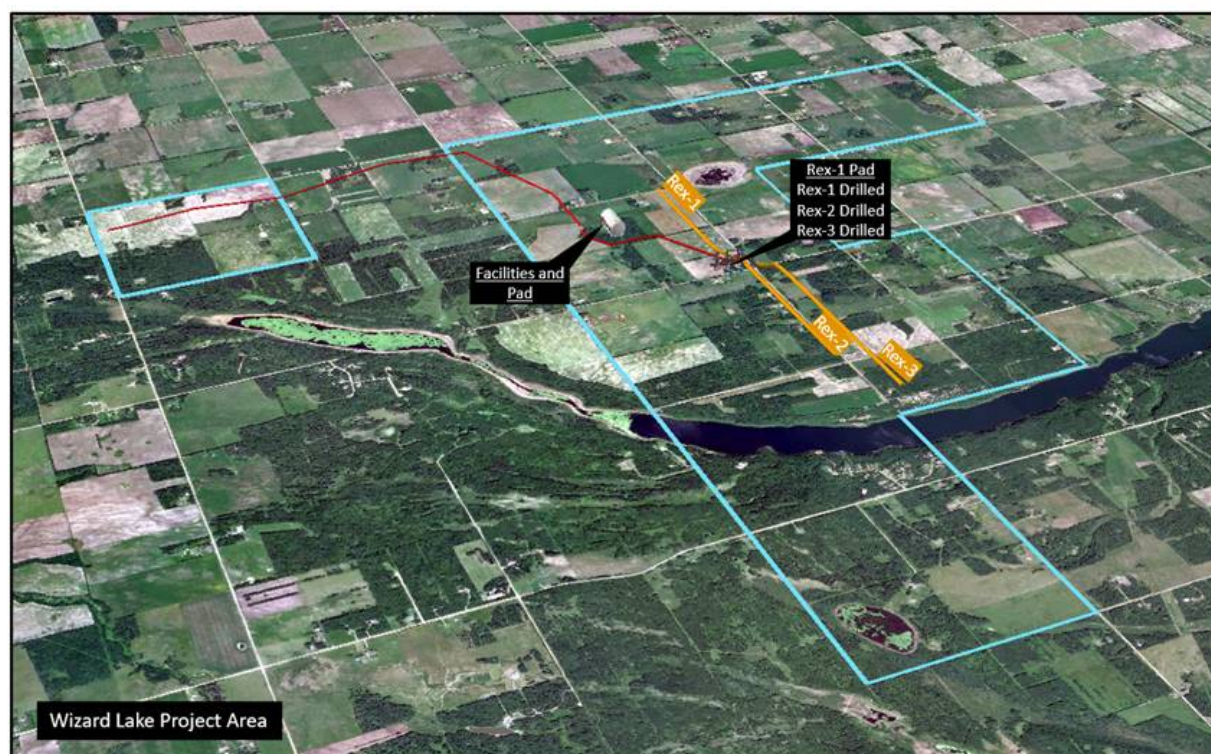
This ASX announcement was approved and authorised for release by David Messina, Managing Director Whitebark Energy

For further information:

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The Company confirms that it is not aware of any new information or data that materially affects the information in the relevant ASX releases and the form and context of the announcement has not materially changed.



Background

- Rex-3 was drilled to 3,673mMD in eight days with a horizontal section of 2,098m.¹ Rex-3 averaged 1,278 boepd including 1,084 bopd of oil in the final six hours of a continuous 18 hour period.²
- The Wizard Lake Oilfield was identified using geological information obtained from wells drilled mainly in the 1950's.
- It has the potential to contain 24+ wells targeting 11mmboe³.
- The horizontal discovery well, Rex-1, was spud on 24 November 2018⁴ and production commenced in June 2019⁵. Initial flow testing of recorded rates of more than 300 bopd from only 500m of the horizontal section due to an obstruction which was recently removed⁶.
- Rex-2 was drilled and fraced in August and tested in September 2019, with a peak production rate of 865 boed (540bbls of oil and 2 mmcf of gas) before the well had to be constrained due to unexpected high gas production.⁷
- An upgrade to production facilities was commenced in November 2019 and included a 3km gas pipeline to connect to local gas networks to ensure high gas and oil production rates can be managed. These facilities were completed in late December 2019 and production commenced.⁸
- WBE has a 60%-100% working interest in the field (varies by section), 100% ownership of the facilities, pipelines and infrastructure and earns 100% of production from Rex 1 and 85% from Rex 2 & 3 until capital payout of each of the wells⁹.

1 ASX Release 26 November 2019

2 ASX Release 16 December 2019

3 ASX Release 22 August & 1 October 2019

4 ASX Release 26 November 2018

5 ASX Release 5 & 19 June 2019

6 ASX Release 13 November 2019

7 ASX Release 6 September 2019

8 ASX Releases 23 December 2019

9 ASX Release 9 June 2020