



ASX / MEDIA RELEASE

ASX Code: MEL

21 August 2020

Vali-1 ST1 flow-test program completed

- **Two-day test with measured stabilised flow rate of 4.3 MMscfd through 36/64" choke at 942 psi**
- **Production log confirms all fracture stimulation zones contributing to flow**
- **All test objectives achieved - data being analysed to enable reserve assessment**
- **Independently certified gross 2C Contingent Resource of 37.7 Bcf (9.4 Bcf Net)¹**

The ATP 2021 Joint Venture (Vintage Energy Ltd (ASX: VEN, "Vintage") 50% and operator, **Metgasco Ltd (ASX:MEL)** ("Metgasco") 25% and Bridgeport (Cooper Basin) Pty Ltd 25% is pleased to advise that the highly successful flow test program for Vali-1 ST1 has completed. During the extended flow test program, a rate of 4.3 MMscfd of gas was measured through a 36/64" choke at a flowing well-head pressure ("FWHP") of 942 psi over a two-day period. Transient tests were also undertaken with rates recorded between 3.7 MMscfd (through a 24/64" choke at 1,676 psi FWHP) and 7.5 MMscfd (through a 32/64" choke at 1,593 psi FWHP).

The program was carried out safely and as planned. Strong gas rates were achieved in all flow periods and quick pressure build-ups were observed during all shut-in periods, with pressure levels quickly approaching around 3,000 psi. All flow rates were restricted through varying choke sizes to ensure proppant was not returned from the formation into the well bore, therefore avoiding any reduction in the effectiveness of the stimulation process.

During the flow testing of the well, the following activities were undertaken:

- Production Logging Tool run and determined that gas was being contributed by each of the stimulated zones;
- Surface Shut-ins with downhole gauges installed – designed to observe the pressure response of the reservoir, with surface pressure readings reaching 2,932 psi. Down-hole gauges recovered with pressure transient analysis underway;
- Flow testing – pressure transient tests were undertaken via three choke sizes; 24/64", 32/64" and 40/64" over three equal periods of six hours. During these tests rates were recorded between 3.7 MMscfd at 1,676 psi flowing well-head pressure ("FWHP") and 7.5 MMscfd at 1593 psi FWHP. These transient tests were followed by an extended flow test through a choke size of 36/64" for 48 hours, during which the well flowed at 4.3 MMscfd at 942 psi FWHP;
- Pressurised Gas samples taken from the test separator are currently being analysed in a laboratory;
- A very small volume of gas condensate was detected in the separator indicating dry gas.

As a consequence of the flow testing of the well, our initial estimates of the potential gas flow rate for the Vali-1 ST1 well are in excess of 5 MMscfd.

All of this information will be assessed and incorporated into a commercialisation plan for the asset, which will include an estimate of the number of development wells required to efficiently produce gas

¹ Refer ASX release dated 3 March 2020

and maximise returns from the Vali Field.

All equipment used during the program has now been demobilised from site. The Vali-1 ST1 well is planned to be completed in October 2020. The completion will consist of a packer run on production tubing set above the top perforated/fractured interval allowing multiple zones to contribute to production.

Discussions are underway with Santos Ltd, the Cooper Basin Joint Venture operator, on connection of the field into the Moomba gas gathering system.



Figure 1: Gas flare at Vali-1 ST1 (5 August 2020)

Ken Aitken, Metgasco Chief Executive Officer, commented:

"We are delighted to report that the Vali-1 ST1 well test program was safely and successfully completed, with the peak gas production rate exceeding our expectations for a hydraulically fractured well in the area. The production log confirming that all zones fractured were contributing to the gas production is an excellent technical outcome and will assist with the conversion of contingent gas resources to reserves. On behalf of Metgasco I would like to thank the Vintage operating team, hydraulic fracturing consultants and all the service companies who have safely delivered all the well test objectives.

I look forward to the rapid analysis of the data gathered to enable reserves to be booked and, subject to successful gas sales and tariff discussions, the JV proceeding to a development decision. This test result is another important step in Metgasco's goal to becoming a production company by next year.

The Vali-1 technical success of un-locking excellent gas production rates from low permeability sands bodes well for the commercialisation of other seismically identified gas prospects in ATP2021"

Glossary:

MMscfd = Million standard cubic feet per day.

FWHP = Flowing wellhead pressure.

This ASX announcement was approved and authorised for release by the Board.

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