



## 10,000 Acre Oil Trap Mapped

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**ASX Code:** WEL

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Winchester Energy Limited (**Winchester** or **Company**) is pleased to announce that it has identified an area of oil accumulation in the Ellenburger Formation that extends over at least 10,000 acres, based upon its three producing oil wells, 3D seismic interpretation and well log interpretation.

The map at the end of this ASX announcement identifies the location of Winchester's lease holdings in Nolan County, Texas along with the boundaries of the 10,000 acre oil trap that Winchester has mapped.

The 3D seismic combined with the well data and petrophysical studies define the area of resource potential and the down dip limits are inferred from old wells which have produced oil at variable rates and volumes from the Upper Ellenburger section. Most old oil wells in Nolan County, Texas have tested only the top of the Ellenburger Formation and the data indicates that there is a potential vertical oil column height of approximately 300 feet. As shown on the map, the majority of this 10,000 acre oil trap is within Winchester's leased acreage.

The first three vertical oil wells drilled into the White Hat ranch lease and their commercial daily oil flow rates are as follows:

| Oil Well       | Gross Oil Production Per Day (bopd) | WEL's WI % | Net Oil Production to WEL (bopd) |
|----------------|-------------------------------------|------------|----------------------------------|
| White Hat 20#1 | 60 bopd                             | 50%        | 30 bopd                          |
| White Hat 21#2 | 50 bopd                             | 50%        | 25 bopd                          |
| White Hat 21#1 | 240 bopd                            | 50%        | 120 bopd                         |
|                | <b>350 bopd</b>                     |            | <b>175 bopd</b>                  |

Each of these 3 vertical oil wells has been drilled by the Operator, Carl E Gungoll Exploration (**CEGX**) into the Ellenburger Formation and Winchester owns a 50%WI in each well and the surrounding 40 acre drilling unit.

Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75%WI in the oil and gas mineral rights of the 7,378 acres which comprise the White Hat ranch lease. CEGX owns the remaining 25%WI in these 7,378 acres. Almost all the White Hat ranch lease is covered by this mapped oil trap.



The Ellenburger Formation has variable reservoir quality, as demonstrated by the differing production rates obtained from Winchester's first three White Hat producing oil wells and by production records from the nearby Suggs Oil Field.

Winchester's White Hat 21#1 well has produced at an average rate of over 240 bopd with negligible water cut since September 2015 and to date has produced approximately 50,000 barrels of oil. No decline in oil production has yet been observed in this well.

The White Hat 21#2, which is only 1200 feet away from the White Hat 21#1 well has produced approximately 5,200 barrels of oil at an average rate of 50 bopd with a 50% water cut.

In the nearby 12,000 acre Suggs Oil Field, total oil production to date is around 10 million barrels from just over 100 wells, indicating an average of 100,000 barrels of oil per well. There were several excellent wells within the Suggs Oil Field with the highest producing 835,450 barrels of oil over 30 years. 15% of wells recovered over 200,000 barrels of oil and 30% of the wells produced under 50,000 barrels of oil and were sub-economic. Three wells exceeded 500,000 barrels of total oil production. The highest IP rate was 432 bopd and the average IP of the top 6% of wells was 364 bopd.

Winchester's technical team believes its Ellenburger play will have similar characteristics to the Suggs Oil Field and that utilising modern techniques to improve well productivity will significantly enhance field economics. To this end, Winchester is presently investigating improved completion techniques and new drilling approaches including short radius lateral drilling that allows for multiple short distance laterals to be drilled from a single well bore. By applying some or all of these modern techniques Winchester plans to improve well productivity at relatively low cost.

#### **Oil and Gas Leases – 17,736 Net Acres**

As at today's date, Winchester maintains working interests in 17,736 net acres (see table below). Close to the entire mapped trap of 10,000 gross acres is located within the boundaries of the White Hat ranch lease (Winchester: 75%WI), the McLeod ranch lease (Winchester: 100%WI) and the Arledge ranch lease (Winchester: 100%WI).

| LEASE AREAS      | GROSS ACRES | MIN. INT. | LEASE NET ACRES | CO. W.I. | CO. NET AC. |
|------------------|-------------|-----------|-----------------|----------|-------------|
| White Hat Ranch  | 7,588.20    | 97.23%    | 7,378.20        | 75.00%   | 5,533.65    |
| Bridgeford Ranch | 2,311.94    | 100.00%   | 2,311.94        | 80.00%   | 1,849.55    |
| Thomas Ranch     | 2,599.10    | 96.87%    | 2,517.73        | 80.00%   | 2,014.18    |



|               |                  |         |                  |         |                  |
|---------------|------------------|---------|------------------|---------|------------------|
| McLeod Ranch  | 4,246.40         | 87.48%  | 3,924.80         | 100.00% | 3,924.80         |
| Arledge Ranch | 3,816.30         | 91.77%  | 3,502.23         | 100.00% | 3,502.23         |
| AMT           | 3,212.50         | 8.92%   | 286.40           | 100.00% | 286.40           |
| Coke          | 505.40           | 100.00% | 505.40           | 100.00% | 505.40           |
| Thomas #1H    | 240.00           | 100.00% | 240.00           | 50.00%  | 120.00           |
| <b>TOTALS</b> | <b>24,519.84</b> |         | <b>20,666.70</b> |         | <b>17,736.21</b> |

—ENDS—

For further information please contact:

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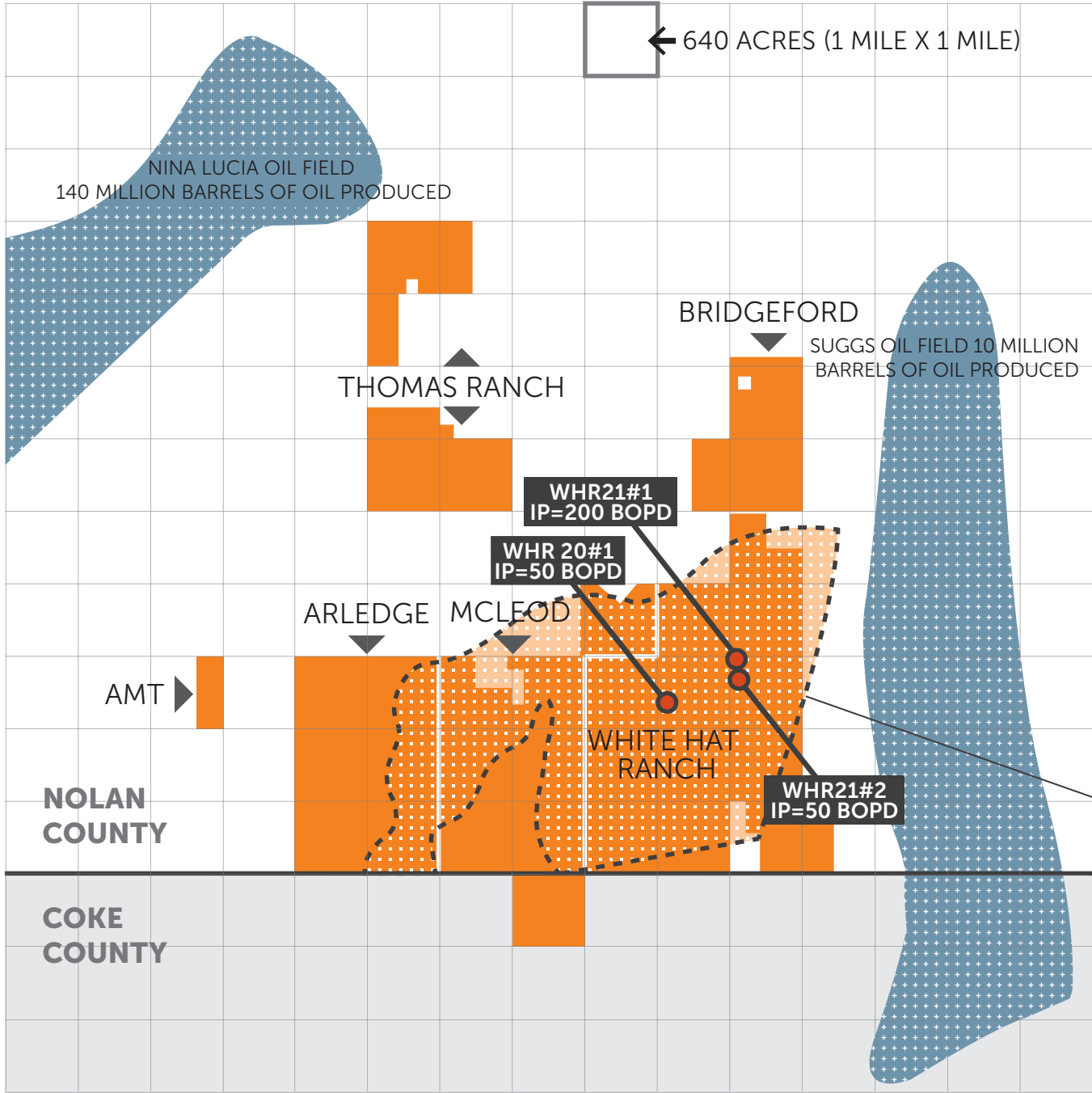
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**Competent Person's Statement**

*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 40 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.*

# 10,000 ACRE OIL DISCOVERY AREA



**KEY**

- WINCHESTER ENERGY LEASES (17,736 NET ACRES)
- OIL FIELDS
- COKE COUNTY
- COUNTY BORDER
- WINCHESTER ENERGY OIL WELLS
- TRAP BOUNDARY

**SCALE**

← 640 ACRES (1 MILE X 1 MILE)

DISCOVERY AREA  
APPROX 10,000 ACRES

