

## Operations Update

**Date:** 24 February 2022

**ASX Code:** WEL

### Capital Structure

Ordinary Shares:  
1,010,219,792  
Current Share Price: 1.7c  
Market Cap: \$17M  
Debt: Nil

### Directors

Doug Holland  
Technical Director/Chief  
Operating Officer

James Allchurch  
Non-Executive Director

Larry Liu  
Non-Executive Director

Tony Peng  
Non-Executive Director

Lloyd Flint  
Company Secretary

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- Preparations underway for the development of the Varn Project (**Proven and Probable Reserves (2P) of 1.068 million barrels of oil equivalent (mmboe)**)
- Long lead-time items acquired with site preparation commencing in the coming weeks
- Unitisation hearing with the Texas Railroad Commission (the regulatory body for oil and gas in Texas) has been scheduled for 13<sup>th</sup> April 2022
- Increase in oil and gas production likely with preparation underway for a comprehensive workover of White Hat 3902

Winchester Energy Limited (ASX: WEL) (Winchester or Company) is pleased to provide an update of activities in the East Permian Basin, Texas.

### Varn Oil Field Development

On December 1, 2021, Winchester announced the acquisition of the Varn Oil Field located approximately 18 miles from existing operations. The West Texas Intermediate (WTI) oil price at the time of acquisition was US\$65.44 per barrel.

Varn Oil Field Acquisition terms:

- US\$415,000 cash payment<sup>1</sup> (paid)
- A 3% overriding royalty interest over all future oil and gas production from Varn

The up-front acquisition and development (ie drilling of 11 wells and all infrastructure required to produce) cost is US\$5.61 per barrel. It is anticipated that this will be paid out of existing cashflow.

### Calculated Varn Oil Field Reserves - Mire Petroleum Consultants

Reserves	Product	1P – Proved Reserve	2P – Proved + Probable Reserve	3P – Proved + Probable + Possible Reserve
Upper and Lower Fry Sands	BO	415,000	994,000	1,680,000
	MCF	169,000	442,000	894,000
	BOE	443,000	1,068,000	1,829,000

*BO – barrels of oil*

*BOE – barrel of oil equivalent<sup>1</sup>*

*MCF – thousand cubic feet of gas*

*Calculated Reserves incorporate WEL's net revenue interest of 77%*

*Please see ASX announcement of 8 December 2021 for details.*

<sup>1</sup> Should the vendors be unable to place 100% of the working interest for Varn by 1<sup>st</sup> day of September, 2022, or if there is an unresolvable title failure that would keep the unit from ever being formed, then the vendors agree to refund all monies within 10 business days of the date stated in this paragraph.



The Varn mineral leases have been transferred to Winchester and surface land use agreements have been executed with all relevant landowners. Road construction and drill pad preparation will commence in the coming weeks.

Various long lead-time consumables have already been acquired, including a large quantity of discounted production casing sufficient for the first five wells.

A unitisation hearing with the Texas Railroad Commission (the regulatory body for oil and gas in Texas) has been scheduled for 13<sup>th</sup> April 2022 with drilling to commence thereafter. The principal purposes of unitization are for the conservation and maximization of efficiency in the development of a reservoir or field. It has the effect of merging all leases into the one unit whereby all royalties are standardized, and the entire unit (lease) can be held by one single producing well.

#### **White Hat 3902 (100% WI) – Ellenburger Recompletion**

In a workover in November 2021, the Company successfully perforated 74 feet of the Ellenburger Formation identified as prospective by logs. The interval was then acidized to clean up the annulus and swabbed to remove the spent acid. White Hat 3902 then produced 92 barrels of oil equivalent per day over the course of four days before declining.

Recently shut in for a short period, White Hat 3902 was opened and immediately produced at a rate of 70 barrels of oil per day. Winchester will now recomplete White Hat 3902 by applying heavy perforations and acid to the Ellenburger interval to maximize oil production from this zone.

The workover is expected to cost less than US\$80,000.

-ENDS-

This announcement has been authorised for release by the Board.

For further information, please contact:

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### **About Winchester Energy Ltd (ASX Code: WEL)**

Winchester Energy Ltd (ASX: WEL) is an Australian ASX-listed oil and gas explorer and producer 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 and has recently acquired the Varn Oil Field which comprises Proven and Probable Reserves (2P) of 1.068 million barrels of oil equivalent (mmbobe) – comprised of over 93% oil (See ASX release of 3 December 2021).

Winchester currently produces approximately 600 barrels of oil equivalent per day (boepd) net to its Working Interests (WI).

### **Competent Persons Statement**

*The information in this report is based on information compiled or reviewed by Mr Keith Martens, consulting geologist/geophysicist to Winchester Energy. Mr Martens is a qualified petroleum geologist/geophysicist with over 45 years of Australian, North American and other international executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.*