

The Company Announcement Officer ASX Ltd  
*via electronic lodgement*

## JAWS-1 TECHNICAL UPDATE

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### Highlights

- **Reservoir inputs have been confirmed to fall within Strike's forecast commercial range**
- **Strong well execution of Jaws-1 leads to achievement of major productive area**
- **Strike confident that the requisite subsurface and well execution hurdles have been cleared to model commercial flow rates of gas from the Jaws wells at the Southern Cooper Basin Gas Project**

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Strike Energy Limited (**Strike** - ASX:STX) is pleased to provide the following technical results from the drilling and execution of the Jaws-1 project wells. Validation and integration of Halliburton, Weatherford and Strike's technical analysis has been completed by Igesi Consulting.

### Commercial Prospectivity

During Jaws-1, Strike acquired significant volumes of data via advanced technology and processes deployed throughout the field. This data has been used to refine the subsurface model and determine whether the Jaws-1 well will be capable of producing gas flows at a rate within Strike's forecast commercial range. Some of the diagnostic equipment and techniques deployed have included: side-wall pressure coring, comprehensive wireline logging, microseismic and tiltmeter monitoring, fracture tracers and micro imaging.

Following analysis of all of the data from the campaign and integration into the subsurface model, Strike is confident that the reservoir, in combination with the Jaws production system is capable of producing flow rates of natural gas to surface sufficient to underpin the booking of a reserve.

The model that supports this assessment is still subject to future history matching, refinement during the production testing of the Jaws appraisal wells and estimation according to the Petroleum Resource Management System.

### Subsurface

The Jaws-1 vertical well passed through the three Patchawarra coals and intersected 36m of the Vu Upper coal (Jaws target reservoir), 24m of the Vm3 coal and 17m of the Vu Lower coal. This was confirmed via wireline logging.

Reservoir data obtained from the Jaws-1 vertical well side wall pressure cores shows gas (methane) content of the coals at a maximum of 5.8m<sup>3</sup>/t (expected ~6.0m<sup>3</sup>/t) and an average of 5.5m<sup>3</sup>/t. Some of the side wall cores were very small samples (261g) from a very large and extensive reservoir. After taking this sampling into account, Strike believes the gas content is within the range of Strike's expected outcomes and within

the minor heterogeneity from within the overall system, and accepts the difference as an error margin of the coring technique when assessing the average gas contents of the full reservoir. As such, Strike continues to use 6.0 m<sup>3</sup>/t as the mid-point for its reservoir modelling. Also, gas contents of the Jaws-1 cores based off desorption are higher than the equivalent values derived at le Chiffre-1 from 2014 which further supports this view.

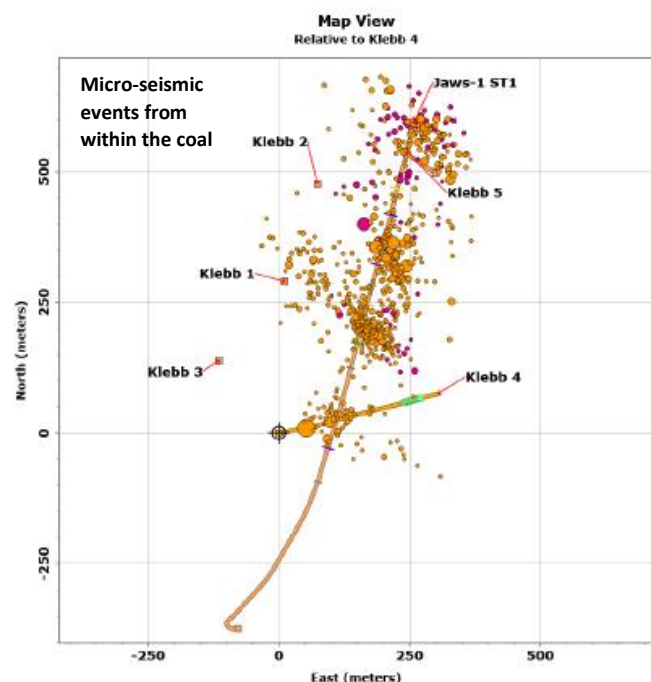
The coal depositional and maturity model remains as expected as maceral composition indicates deposition in a peat swamp environment. Vitrinite reflectance (Ro) data suggests the coals are within the peak gas maturity window for their maceral type. This view is consistent with regional analogues and the Jaws data is consistent with earlier wells and other Patchawarra coals in the Cooper Basin. Jaws' inertinite macerals plot within the regional field cluster and are similar to other samples from the Patchawarra. The Deep Mannville coals in Canada (best analogue to the Southern Cooper) similarly also show high relative tello-inertinite contents. This tello-inertinite content correlates to higher coal meso-porosity and to increased gas flow along lithotype boundaries (horizontal permeability), which is a strong positive for the reservoir. Geomechanical data from the Jaws drilling and stimulation suggests that the flow rate will lie within the expected technical parameters of the reservoir.

Gas compositional analysis has unfortunately yielded data that is unreliable and inconclusive. Defined parameters are not able to be drawn from the coring program due to quantity, quality and testing conditions of the cores recovered. During testing the samples showed air contamination with unusually high Nitrogen levels and presence of Oxygen. Gas composition remains an undefined parameter of Strike's resource with plans to narrow the expected outcomes during the upcoming production testing of the Jaws-1 wells.

## Well Execution

Due to successful execution of the well, Strike now has a production system in place that will have a compounding effect of giving the Southern Cooper coals their best chance at commercial success. Strike, in conjunction with Halliburton, have analysed the results of the microseismic and tiltmeter monitoring of the stimulation activities and, based on that analysis, fracture orientation is NW-SE, which is consistent with our predrill interpretation (and Klebb 1 tiltmeter data for this zone). This confirms the well was drilled in the optimum orientation (perpendicular to maximum horizontal stress direction).

Data suggests average fracture half lengths of 162m with vertical propagation of the full reservoir height (36m) which deployed approximately 1 million pounds of proppant into the reservoir. It is the view of Halliburton that this amount could be increased in any future stimulation of



the reservoir with minor adjustments to the completion design. Strike's preliminary estimates of stimulated rock are currently ~8.5-9 million m<sup>3</sup> or greater, with a theoretical drainage area of a minimum of 140 acres around Jaws. Both of these results are expected to increase substantially after dynamic modelling. The results of the stimulation are equal to or slightly better than Strike's expectations.

Minor events were also registered in the Vu Lower (from an initiation just below the Vu Upper), which provides confidence that in the future Strike may be able to drill through the interburden and indirectly fracture stimulate the two coals seams together from the single well bore (53m of net coal).

Flowback of the reservoir was successful with sufficient fluid and excess proppant returned to surface to be confident that the fractures remain open and in communication. Some microseismic events were observed near Klebb 1 and 2 during the stimulation of Jaws 1. These wells are now showing increased water rates, which suggests that they are in communication via the coal's natural fracture network. The Klebb wells will continue to operate and assist the dewatering of the Jaws 1 well.

During well cleanout and running of the ESP completion in the vertical well a pull from the reservoir was observed as the fluid level equilibrated between the two wells (U-bend effect). This confirms that the wells are in good communication with one another and that the draw down from either pump will affect the bottom hole pressures along the entire reservoir.

Strike's Managing Director, Stuart Nicholls, said:

*"We at Strike are very pleased with the delivery standard of the Jaws-1 wells and the amount of information we have derived from the activities. When we model the newest and latest subsurface information in conjunction with the Jaws production systems, we are very optimistic about the well's ability to deliver against its primary objectives of producing commercial flow rates of gas, and as a result, Strike is eager to begin the production testing."*

The Jaws-1 Project wells are located at the Southern Cooper Basin Gas Project (**SCBGP**) in PEL96 (Strike 66.67% and Operator, Energy World Corporation 33.33%).

## Investor and Media Contacts

### **Stuart Nicholls**

Managing Director

Phone: +61 432 587 808

email: [stuart.nicholls@strikeenergy.com.au](mailto:stuart.nicholls@strikeenergy.com.au)

### **Justin Ferravant**

Chief Financial Officer & Company Secretary

Phone: +61 8 7099 7483

email: [justin.ferravant@strikeenergy.com](mailto:justin.ferravant@strikeenergy.com)