

Glenaras Pilot – Pump Optimisation Programme

25 February 2021

Highlights

- ❖ Pump optimisation programme sanctioned, targeting an increase of over 30% in total current water production to accelerate commercial gas production.
- ❖ The productivity of the new vertical wells are all exceeding design specifications. This programme will install larger pumps in the vertical wells with the aim of increasing water rates by fully drawing down the wells.
- ❖ In line with the modelling, the higher water rates will more rapidly lower the reservoir pressure at the Pilot to below critical desorption to accelerate gas production.
- ❖ Project Director hired to execute programme and coordinate pre-development planning for commercialisation of early gas production.

Glenaras Gas Project (ATP 2019) – GLL 100%

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the Glenaras Gas Project in the Galilee Basin in Queensland (Figure 1).

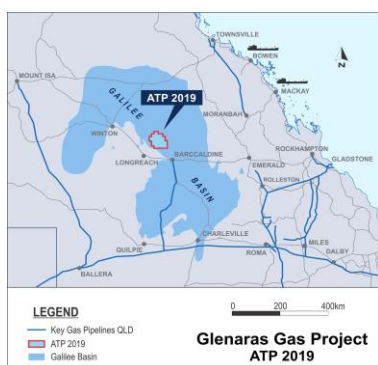


Figure 1 – Glenaras Gas Project

The Glenaras Gas Project (“Project”) is located in ATP 2019, which is 100% owned and operated by Galilee. The Permit covers an area of approximately 3,200 km².

The Project has one of the largest contingent gas resources on the east coast and is strongly positioned to supply the AEMO’s forecast eastern Australian domestic market gas shortfall in the early 2020’s. The Project’s independently derived and certified Contingent Resource* within the Betts Creek coals are 1C of 308 PJ, 2C of 2,508 PJ and 3C of 5,314 PJ, which represents sufficient gas supply to fulfil approximately 25% of eastern Australian domestic market needs for over 30 years (3C Contingent Resource at 650 PJ/year).

Glenaras Pilot Enhancement Programme (“PEP”)

Each of the eleven wells at the Pilot are now on continuous production (Figure 2). The aggregate water rate from the Glenaras multi-well pilot (“Pilot”) is currently ~14,250 BWPD. The lateral wells have continued to decline and are now at ~4,400 BWPD, down from a monthly rate of 6,000 BWPD in November 2020 just prior to commencing production from the vertical wells. The production from the vertical wells has reached the capacity of the existing downhole pumps and the reservoir quality in these wells has been higher than expected, resulting in the potential well performance exceeding existing pump design specifications.

The Schlumberger reservoir modelling indicated that a significant acceleration in gas rates would be achievable by increasing the water production rates from the vertical wells. To accelerate the process of achieving commercial gas production, the decision has been made to implement workovers in six of the vertical wells to optimise the production performance in these wells. The PEP is targeting an increase of over 30% in total Pilot water production, which is expected to have a material impact on the Pilot. The estimated cost of the programme is \$2.5 million and is planned to commence in the second half of March.

The average gas rate from the Pilot over the last week is approximately 50 Mscfd. There have been increased volumes of gas observed through the water line at the water storage facility, however this has been unable to be recorded due to technical limitations in the metering. Work is underway to remedy this situation and to increase the capacity of the separator metering to measure the full volume of gas produced.

In addition, a reservoir surveillance programme has been designed to monitor the impacts of the PEP on the reservoir pressure of the Pilot on a regular basis. This programme will enhance our understanding of the impact of the PEP on the overall reservoir pressure of the Pilot, as well as any changes at specific wells. The resultant information will be critical for field development planning, including compression requirements, pipeline specifications, well deliverability, well locations and well spacing.

Glenaras Gas Commercialisation

The Company is continuing to progress pre-development planning in accordance with its MoUs with Clarke Energy and Sunshot as well as holding new discussions with other companies regarding the commercialisation of early gas production.

To assist in this work, Galilee has appointed Mr David Woodley as Project Director. David is a highly experienced professional with 32 years in the oil and gas sector and has been involved in the development of a number of major conventional and unconventional projects.

He has a wide range of experience in the oil and gas sector and brings global expertise in petroleum exploration, appraisal, development and production gained in Australia, North America, United Kingdom and Europe.

David worked at Origin Energy for 13 years and held several positions with his final role being the Appraisal and Development Manager of Origin’s Queensland coal seam gas business for the

upstream business portion of the APLNG Project. He was responsible for the appraisal plans for proving up Reserves from the Resource base, which was in excess of 26,000 PJ and the associated field development plan to achieve gas production rates exceeding 525 PJ per annum.

More recently, David worked at Shell for more than five years in a variety of senior roles which followed the natural progression of the CSG industry, ranging from roles as Appraisal Manager, Vice President Central Asset and Production General Manager.

Galilee Managing Director Peter Lansom said that he was delighted such a high quality, technical professional was joining Galilee’s executive team.

“David brings a wealth of appraisal and development experience in both conventional and unconventional projects to Galilee at a critical time in the growth and development of our company.

“His appointment is a key step in the transition of Galilee from an exploration company through to a developer and supplier of gas to the east coast markets of Australia,” Mr Lansom said.

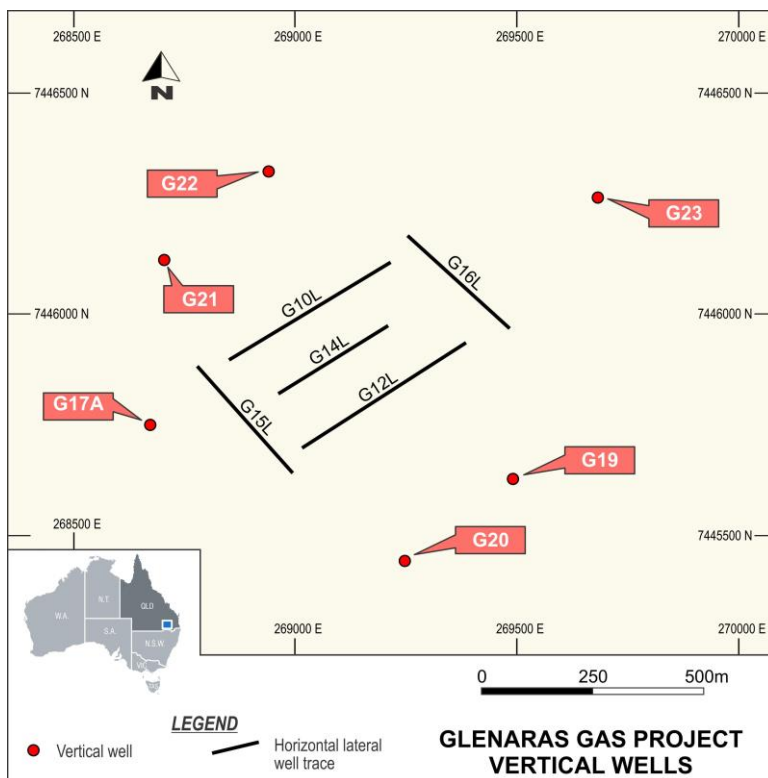


Figure 2 – New vertical well locations.

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** Listing Rule 5.42 +*

The details of Contingent Resources referenced throughout this release in respect to ATP 2019 were announced to the market on 1 September 2015. In accordance with Listing Rule 5.34.3, Galilee Energy confirms that it is not aware of any new information or data that materially affects the information in that market announcement reporting the details of the Contingent Resources for ATP 2019 and that all of the material assumptions and technical parameters underpinning the estimates in that announcement continue to apply and have not materially changed.

About Galilee

Galilee Energy is focused on creating a high value exploration and production company building on its core strengths in coal seam gas appraisal and development. Its primary area of focus is Queensland where it is appraising the Galilee Basin and exploring in the Surat and Bowen Basins whilst looking to add further high quality acreage to its portfolio.

This announcement was released with the authority of the Board.

Directors

Chairman – Ray Shorrocks

Managing Director – Peter Lansom

Non-Executive Director – Dr David King

Non-Executive Director – Stephen Kelemen

Non-Executive Director – Gordon Grieve

Non-Executive Director – Greg Columbus