

# ASX / MEDIA ANNOUNCEMENT

## Operations Update

3 NOVEMBER 2022



### HIGHLIGHTS

- **Pressure build-up testing confirms new wells are shielding centre pilot wells as planned**
- **Pilot pressure at lowest level in history**
- **New gas generator installed to utilise increased gas rates**
- **Despite recent shutdowns, pressure depletion continues to be observed across entire pilot with desorbed gas rates to increase in coming months**

### Production Update

Galilee Energy Ltd ("Galilee") (ASX: GLL) is pleased to provide the following production operations update on the Glenaras multi well pilot ("Pilot").

As indicated in our recent release of 6<sup>th</sup> October 2022, the Pilot has continued to observe strong pressure depletion and this trend has been confirmed by further direct pressure measurements and build-up tests taken in a number of wells across the Pilot.

This is most evident in Glenaras 22, which despite being one of the more prolific water producers, has seen a 30% reduction in reservoir pressure to around 800psi in just 4 months since the Pilot resumed production.

Figure 1 shows this pressure trend relative to the Glenaras 14L monitoring well in the centre of the Pilot. This demonstrates that the pressures in the surrounding laterals, which are primarily producing from the R3 coal seam, are at or very close to the target pressure window.

It is apparent from this pressure profile that despite the encouraging results to date, we are only at the beginning of the desorption process, with continued pumping over the coming months still required to expand the area of desorbed gas sufficiently to yield indicative results.

Building an integrated & diversified sustainable energy company



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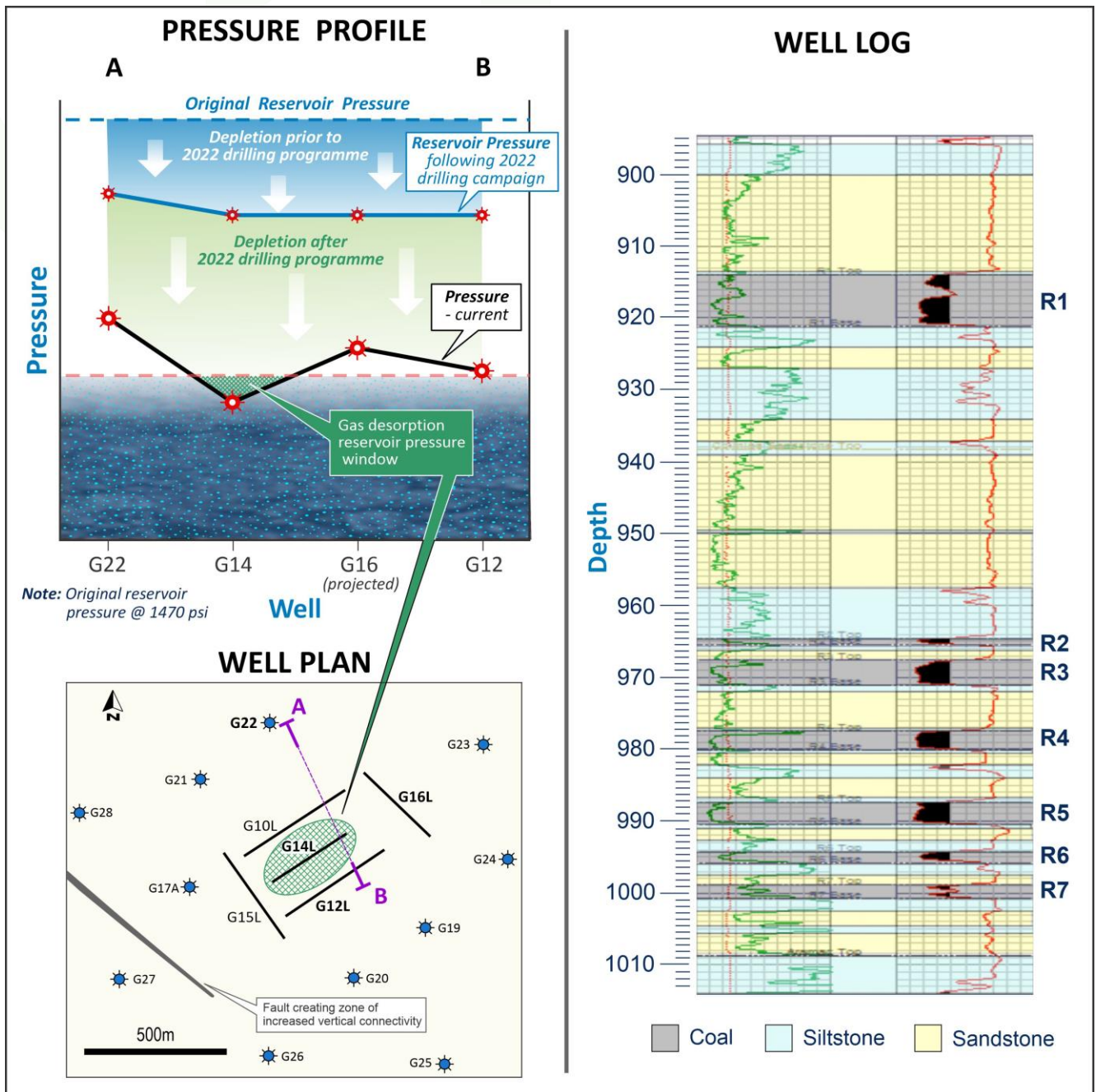


Figure 1: Pressure profiles and well plan

There are currently 14 wells producing, with two wells requiring workovers over the next two weeks to replace pumps. While gas rates have decreased slightly as a result, they are still at some of the highest rates recorded to date for the Pilot. Gas from these wells will supply a new gas-only generator (see photo below) which has been recently commissioned to enable excess flared gas to be utilized and assist in driving down operating costs with increasing gas rates.

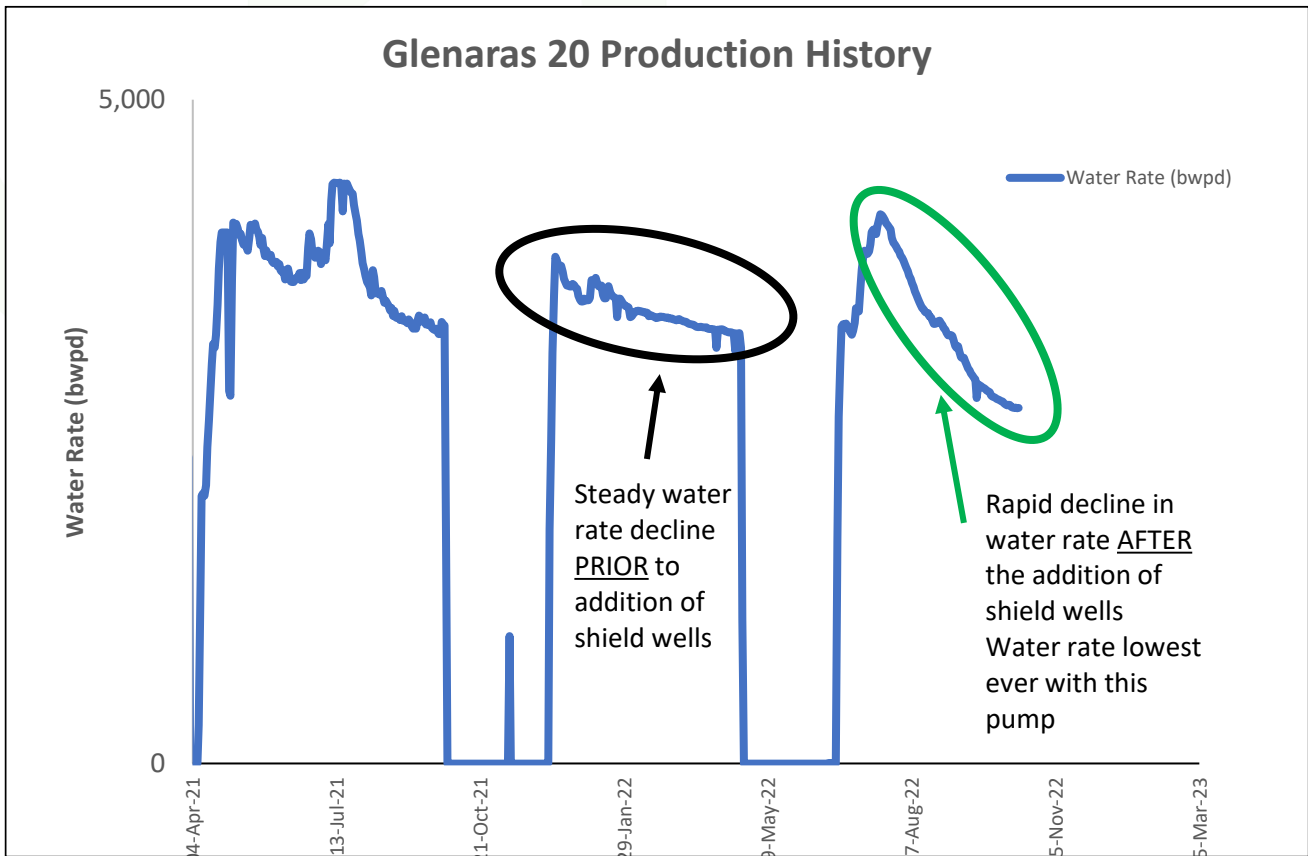


Gas-only generator installed at site

Both pump failures are a consequence of normal wear and tear with the pumps having achieved very good run times exceeding 12 months. Notably Glenaras 22, an important shield well protecting the inner lateral wells from water ingress to the north, which had been producing for a total of 480 days for a total lift of 1.6 million barrels at an average production rate of 3,400 BWPD.

It is also very encouraging that the rationale for the recently drilled wells, i.e., to address the Colinlea Sandstone specifically (due to cross flow across the nearby fault), and to in turn shield the existing Pilot wells, has been justified. Two of the recently drilled wells, which are in closest proximity to the fault, are the highest water producers to date, and have been critical in preventing excess water from entering the inner part of the Pilot. It also provides further confirmation of the high productivity of wells in the vicinity of the fault.

The benefits of the recent drilling programme in protecting the Pilot are now very clear and measurable. An example of the impact this shielding is having is observed in Glenaras 20 which is one of the shielded wells and relatively close to the fault. Following resumption of production after the recent drilling programme, there has been sharp water rate decline at Glenaras 20 (Figure 2) and the well is currently at its lowest rate of just under 2,700 BWPD. This is additional evidence of the overall continuing strong pressure decline within the Pilot area.



**Figure 2: Glenaras 20 Production History**

In summary, the Pilot continues to drive the reservoir pressure lower with the aim of getting more coal under the desorption pressure. At this point in time, only a small area of coal is below the desorption pressure, however with continued pumping it is expected that this volume will continue to increase significantly, especially once Glenaras 22 is back online.

This announcement was released with the authority of the Board.

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## About Galilee

Galilee Energy is advancing towards being an integrated and diversified sustainable energy company and a key supplier of natural gas to the east coast market of Australia. The company is the 100% owner of one of the largest uncontracted gas resources on the east coast of Australia, located within the Glenaras Gas Project in Queensland's Galilee Basin. The Glenaras project's location and environmental credentials, including the production of fresh water from its coals for beneficial use in crop production along with low CO2 levels, positions Galilee with the unique opportunity to be a material supplier of sustainable energy with minimal environmental impact.

### Directors

Chairman – Ray Shorrocks

Non-Executive Director – Gordon Grieve

Managing Director – David Casey

Non-Executive Director – Greg Columbus

Non-Executive Director – Stephen Kelemen