Permit received to commence operations at Varn Oil Field

Date: 7 July 2022

ASX Code: **WEL**

Capital Structure
Shares: 1,010,219,792
Current Share Price: 1.2c
Market Cap: $12M
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

Contact Details

Australia
Level 1
10 Outram Street
West Perth WA 6005
Australia

PO Box 641
West Perth WA 6872
Australia

Tel: +61 8 9200 3743
Fax: +61 8 9200 3742

USA
4900 Woodway, Ste. 780
Houston, TX 77056

Tel: +1 713 333 0610

winchesterenergyltd.com

- **Permit received from Railroad Commission of Texas allowing Winchester to commence drilling work to facilitate the Varn Oil Field waterflood**
- **Varn Oil Field expected to produce approx. 1,000,000 barrels of oil**
- **Drilling of 11 wells (six producers and five injectors) to commence at the end of July 2022**
- **Earthworks and installation of above-ground infrastructure well advanced**

Winchester Energy Limited (ASX: WEL) (Winchester or the Company) is pleased to advise that it has received an Unprotested Master Order (UMO) from the Railroad Commission of Texas in relation to its recently acquired Varn Oil Field in Nolan County, Texas.

The UMO successfully completes the permitting process by facilitating the unitisation of the Varn Oil Field tracts as well as authorising all construction, drilling and production activities associated with the planned waterflood.

Preliminary work relating to road, drill pad and pit construction as well as the sourcing and installation of above-ground infrastructure has been underway since February 2022 and is nearing completion.

Drilling of 11 production and injection wells will commence in August 2022.

Varn Oil Field - Completed Drill Pad and Pit

Overview - Varn Oil Field (100% WI)

Winchester has a 100% working interest in the Varn Oil Field, located 18 miles to the east of the Company's existing producing assets in Nolan County, Texas.

The Varn Oil Field contains existing Proven and Probable (2P) of 1,068,000 barrels of oil (boe[1]) comprised of 994,000 barrels of oil and 442 thousand cubic feet of gas (mmcf) (Table 1). Production is to be derived from the Fry Sands (a sub-unit of the Strawn Sands) which, together with the Ellenburger Formation, is currently producing oil and gas at Winchester's Nolan County operations.

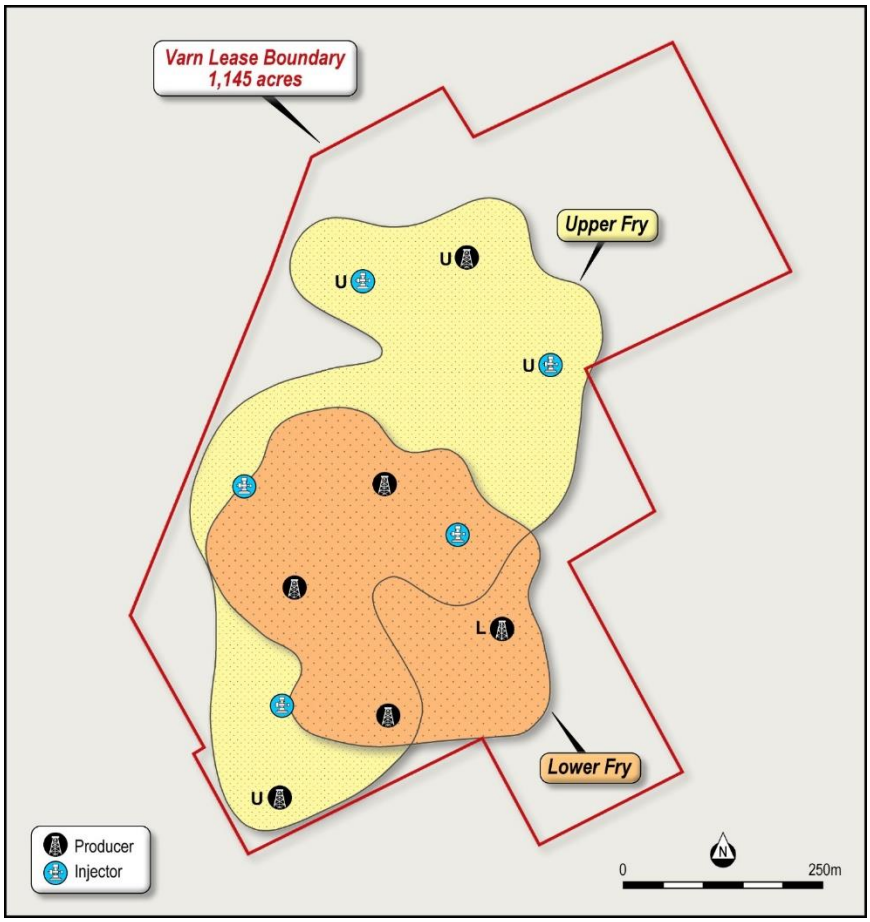

Figure 3 – Configuration of producer and injector wells at Varn

Winchester is the operator at Varn and will drill 11 wells (six oil and gas producers and five water injectors) to facilitate the waterflood operation. The majority of the wells are planned for the central area where the Upper and Lower Fry Sand overlap while the rest of the wells capture oil from the more widespread Upper Fry Sand.

[1] boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The conversion ratio is based on energy equivalency and does not represent value equivalency. Estimates are rounded to the nearest boe.

Table 1: 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[1]
MCF – thousand cubic feet of gas
Calculated Reserves incorporate WEL's net revenue interest of 77%
Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these reserves is provided in in the ASX release of 3 December 2021

Waterflooding is a secondary recovery technique which injects water into an oil reservoir in a downdip position. The water repressurises the field and provides energy to move unswept oil updip to crestal oil well producers.

Secondary oil recovery is extremely common, particularly in the US. In any given oil field, primary production accounts for the removal of 10-20% of all original oil in place (OOIP), secondary recovery (waterflooding) accounts for a further 10-20% recovery of OOIP whilst further oil is often recovered through tertiary recovery (enhanced oil recovery such as CO_2 injection)[2]. An informative presentation produced by the University of North Dakota's Energy and Environmental Research Centre (EERC) entitled "The Phases of Oil Recovery – So Far" can be viewed at https://www.youtube.com/watch?v=kxBqKY36h7M.

-ENDS-

This announcement has been authorised for release by the Board.

For further information, please contact:

James Allchurch
Director

T: +61 8 9200 3743
E: admin@winchesterenergyltd.com

[2] Energy and Environmental Research Centre (EERC) - Primary, secondary, and tertiary oil recovery (using pressure, water, and CO2). North Dakota University.

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 (mmboe) – comprised of over 93% oil (See ASX release of 3 December 2021.

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.