

South Erregulla Update

Strike Energy Limited (Strike - ASX: STX) provides an update on the South Erregulla well testing operations from within the Perth Basin production licence L24.

South Erregulla-3 (SE-3) was completed with 5-1/2" production tubing and the primary zones in the Kingia Sandstone were perforated on Monday the 5th of February 2024. Upon opening the choke, the well failed to flow but was also observed to be substantially overbalanced. Strike proceeded to plug off the zones and mobilise nitrogen to displace the well fluid and move the well into an under-balanced state. Early evening AWST on the 8th of February 2024, the plug was removed with no initial flow. The well was shut-in and a steady increase in tubing head pressure and associated temperature drop was subsequently observed, where bleed offs of pressure/ gas were detected as hydrocarbons. Following this, Strike ran slickline where it observed a fluid level at ~250m from the surface, which indicates that reservoir fluid had been produced. Strike interprets this as having encountered a possible gas-water contact in the SE-3 well. Several samples of this fluid and gas have been collected for further analysis.

Both Strike and third-party independent reserves auditors had ascribed net gas pay within the Kingia Sandstone at SE-3, where the petrophysical properties (and cut-offs used) were similar to those seen at SE-1, which flowed at a maximum rate of 80 mmscf/d on test.

These SE-3 testing results were not expected, however, the samples and pressure gradients will form vital data in Strike's South Erregulla subsurface model, noting that SE-3 is the lowest penetration of the Kingia Sandstone in the immediate area and both SE-1 & SE-2 are measured as being up-dip.

Strike will move to the up-dip SE-2 well, which is ready for production testing, and will commence testing in the next 5 days. As further information on the SE-2 well test and SE-3 results are generated, Strike will provide further updates.

Upon completion of the testing program, Strike will review its subsurface model and Reserves and Resources which will inform the path to the Phase 1 Development.

Strike's Managing Director & Chief Executive Officer, Stuart Nicholls, said:

"The SE-3 flow test has not matched its petrophysical interpretation, which is disappointing. Further analysis and data collection is ongoing and Strike is reviewing the potential to return to the well. Looking forward, Strike will be drilling the Walyering-7 and Erregulla Deep-1 wells in this half, which have the potential to add material 2P developed and undeveloped volumes on success. Also, of note Strike has commenced its Ocean Hill 3D seismic acquisition which may provide the well location for the contingent appraisal well Ocean Hill-2 later in the year."

This announcement is authorised for release by the Managing Director and Chief Executive Officer in accordance with the Company's Continuous Disclosure Policy.

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