



White Hat 21#5 - Results

Date: 27 March 2017

ASX Code: WEL

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Winchester Energy Limited (**Winchester** or **Company**) advises that the White Hat 21#5 well was placed on production by the Operator, Carl E Gungoll Exploration LLC (**CEGX**), on 5 March 2017 after perforating and swabbing oil from both a deep zone and an upper zone in the Ellenburger Formation.

The well produced an average of 87 barrels of oil per day (**bopd**) and recovered all the load water during the first week of production. On 9 March 2017, the White Hat 21#5 well produced 150 bopd. Subsequently, the White Hat 21#5 oil production rate has decreased to 25-40 bopd. The Operator is looking into mechanical causes for the sudden production drop, including possible chemical plugging. The well is presently not producing any water.

The Operator has indicated it will employ specialist designed chemical treatments to improve production similar to that applied to White Hat 20#1 and White Hat 21#2, where both wells experienced significantly increased oil production rates after dissolution of downhole chemical precipitates that were impeding migration of oil to the well bore.

The White Hat 21#5 well is located 1,669 feet east of the White Hat 21#4 vertical well.

CEGX has a 50% working interest (**WI**) in White Hat 21#5 along with a 50%WI in the surrounding 40 acre drilling unit. Winchester owns the other 50%WI in the well and the drilling unit. Each party is paying 50% of the costs of White Hat 21#5.

Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75% WI in the oil and gas mineral rights of the 7,058 acres which surround and adjoin the existing 7 White Hat wells (Winchester 50% WI) and the new White Hat 21#5 vertical well. CEGX owns the remaining 25%WI in these 7,058 acres.



On 1 March 2017, the current 50%:50% WI arrangement transitioned to Winchester 75% WI:CEGX 25% WI in all areas outside the 8 presently drilled 40 acre drilling units (save for 1 additional vertical well that CEGX can drill at a time of its choosing on a 50:50 basis). Thus, as of 1 March 2017, Winchester is operator of the 7,058 acres of the White Hat ranch lease outside of the presently drilled 40 acre drilling units.

—ENDS—

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Competent Person's Statement

The information in this ASX announcement is based on information compiled or reviewed by Mr Neville Henry. Mr Henry is a qualified petroleum geologist with over 40 years of Australian, USA and other international technical, operational and executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation, as well as new oil and gas ventures identification and evaluation. Mr Henry has a BA (Honours) in geology from Macquarie University.