



Lateral Drilling Commenced at White Hat 38#3ML Ultra Short Radius Lateral Well, Permian Basin, Texas

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ASX Code: WEL

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Highlights

- **The drilling of the first of four short-radius laterals at White Hat 38#3ML has commenced.**
- **If successful, the short radius lateral drilling is expected to significantly improve oil production rates, as a function of the twenty fold increase in formation reservoir exposure as compared to a vertical well.**

White Hat 38#3ML (Multi-Lateral) Well – Winchester (60% working interest)

Winchester, as operator of White Hat 38#3ML, is pleased to advise that drilling within the Ellenburger Formation of the first short-radius lateral leg of the White Hat 38#3ML well on its White Hat oil and gas lease in Nolan County, Texas, USA has commenced. It is anticipated that there will be a total of four laterals drilled from the White Hat 38#3 vertical well bore. Each lateral leg will be tested after it has been drilled. It is estimated that the total operation will take six weeks.

Through an evaluation of logs, swc cores, image data and other relevant information relating to the Ellenburger Formation, prospective zones have been selected in the Ellenburger Formation as intervals for the four laterals to be drilled, each lateral having an anticipated length of 152 metres (500 feet).

The Ellenburger Formation, intersected at 2,036 metres (6681 ft) in White Hat 38#3ML, has indicated multiple oil pay zones over an interval of 46 metres (150 feet). Also encouraging is that White Hat 38#3ML during drilling of the vertical component of the well encountered oil and gas shows through historically productive formations overlying the Ellenburger Formation, over the interval of 1,570 to 1,814 meters (5,150 to 5,950 feet) with calculated log pay of 23 meters (74 feet).

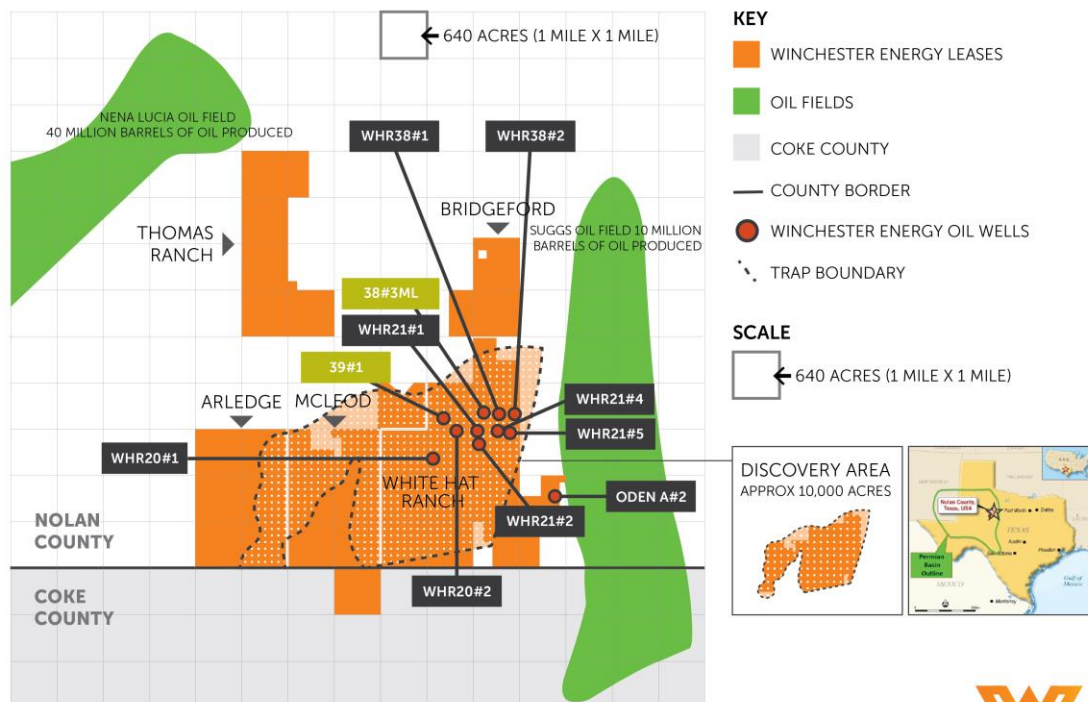
Winchester believes this lateral drilling technology will allow improved well productivity as it will provide the ability to intersect multiple fracture zones. At the same time, these laterals will also connect the zones of better productive characteristics.

The Ellenburger Formation has been shown to have highly variable porosity due to multi staged, post depositional mineralization effects on the reservoir. Winchester has already experienced these reservoir variations over short distances between the eight wells drilled to date on the White Hat Ranch oil and gas lease all of which are producing oil.

Neville Henry, Managing Director of Winchester commented:

"We look forward to the drilling and testing results of the multi-laterals to be drilled in the oil bearing zones of the Ellenburger Formation in the White Hat 38#3 well. Success with this drilling technique, new to the area, could greatly increase oil production rates with associated enhancement of well economics and be a key driver of growth for the Company".

Location Map of the White Hat 38#3ML well in Nolan County, Texas, USA





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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 43 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.

About Winchester Energy Ltd (ASX Code: WEL)

Winchester Energy Ltd (ASX Code: WEL) is an Australian ASX listed energy company 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. The Company has established initial oil production on its large 78 square kilometres (19,210 net acres) leasehold position on the eastern shelf of the Permian Basin, the largest oil producing basin in the USA. Winchester's lease position is situated between proven significant oil fields. Winchester is of the view that with the several known oil productive horizons in its lease holding, that it can build through the application of modern geology, geophysical, drilling and completion methods a potentially significant proven reserves and oil production asset.