



# WINCHESTER

**ENERGY LTD**

**Oil Production & Development**

**Permian Basin - Texas - USA**

Noosa Mining & Exploration Investor Conference

17 July 2019

**ASX:WEL**



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***The estimated total prospective resources referred to in this presentation were first announced to the ASX on 15 October 2018 , 21 June 2019 and 25 June 2019.***

***The estimated quantities of petroleum that may potentially be recovered by the application of future exploration and development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons. The Company confirms that it is not aware of any new information or data that in its opinion materially affects the information included in the relevant market announcement and that all the material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.***

## **COMPETENT PERSON'S STATEMENT**

*The information in this document relating to petroleum resources and exploration results is based on information compiled by Mr Neville Henry. Mr Neville Henry has a BA (Honours) in geology from Macquarie University and has over 43 years experience in the technical, commercial and managerial aspects of the oil and gas industry. Mr. Henry has consented in writing to the inclusion of the information stated in the form and context in which it appears.*

*The Prospective Resources estimates in this report have been compiled by Kurt Mire, P.E. of Mire & Associates, Inc. from information provided by Winchester Energy. Mr Mire is a registered professional Engineer in the State of Texas and has over 30 years' experience in petroleum engineering. These Prospective Resource estimates and their associated calculations may be subject to revision if amendments to mapping or other factors necessitate such revision. Gas quantities are converted to boe (barrels of oil equivalent) using 6,000 cubic feet of gas per barrel. Quoted estimates are rounded to the nearest barrel.*

# Winchester Energy ASX:WEL

## Investment Summary

**Single focus on US premier onshore oil producing area, Permian Basin, Texas with high working interests in 17,000 of contiguous net acres, 5 large leases with low continuous drilling commitments.**

**Restoring & growing oil production** from conventional exploration & development drilling in Strawn Sand formation of newly defined shallow stratigraphic prospects mapped on 3D seismic.

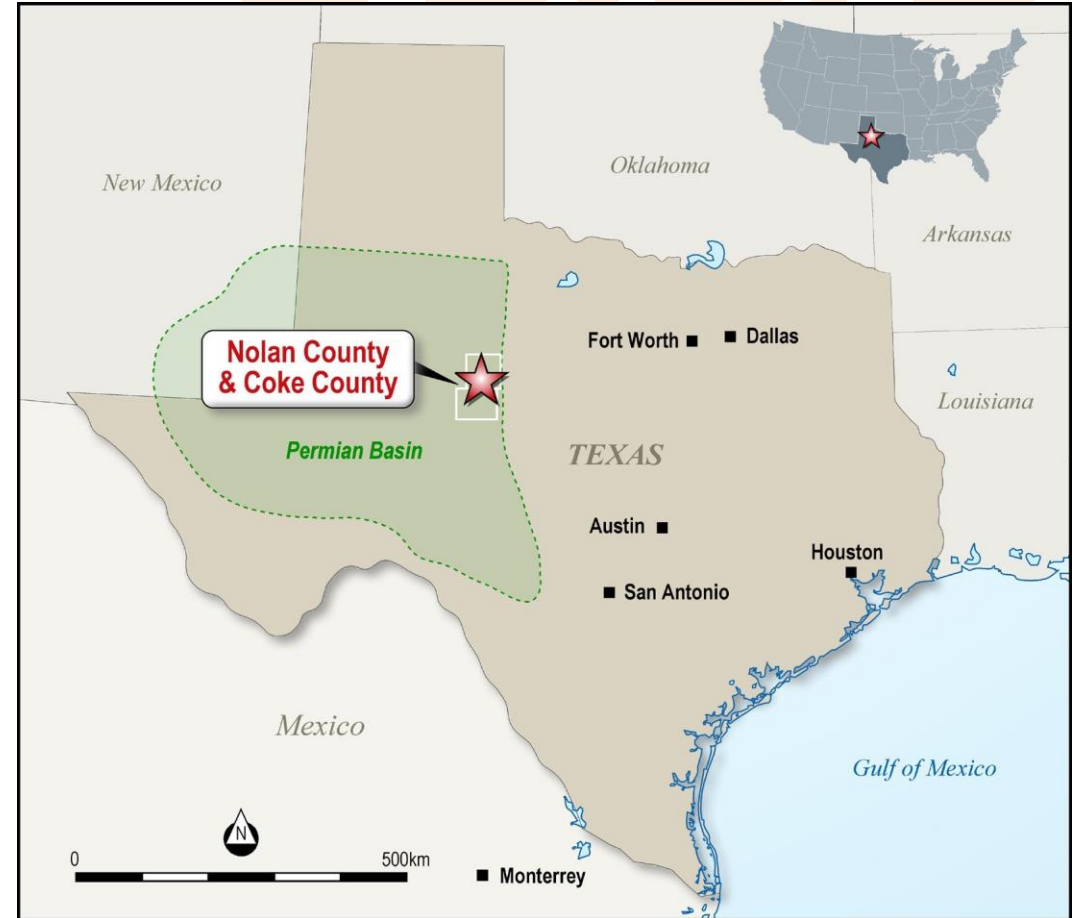
**Development drilling** planned for late July / early August 2019 on the Mustang Prospect following up the successful White Hat 20#3 oil discovery to appraise gross high estimate prospective resource of 3.8 million barrels of oil\*.

**Exploration drilling planned for 2nd half 2019 at Lightning, Spitfire and El Dorado** with total cumulative gross best estimate prospective resource of 7.7 million barrels of oil\*.

**Wolfcamp D shale frack in progress on Winchester acreage** to evaluate 17,000 acre shale oil potential with horizontal drilling and fracking planned by farminee.

**NO DEBT**

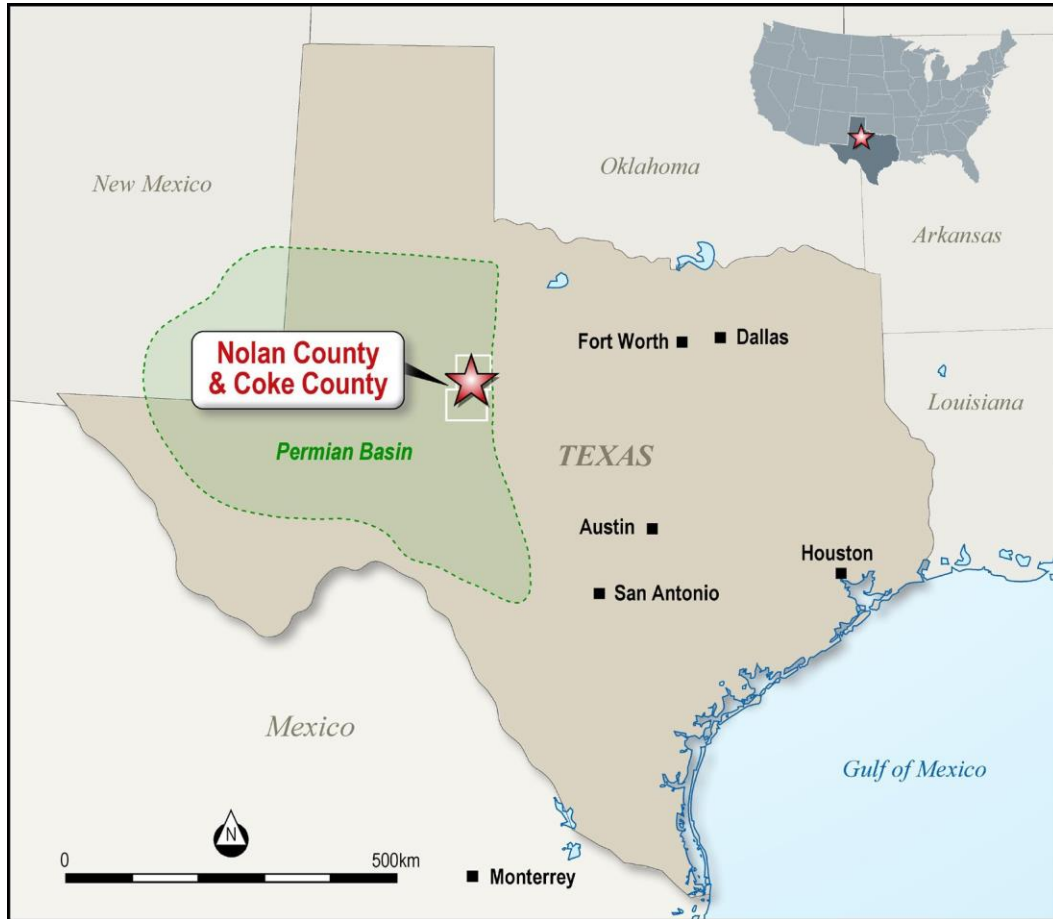
*\* Cautionary Statement: The cumulative total gross best and high prospective resource estimates quoted above were announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. See Disclaimers for further information.*





# Permian Basin - Texas USA - Net 68 sq. kms (17,000 acres)

Winchester with its 17,000 net acres located in Nolan & Coke Counties, Texas is only ASX listed company with sole focus in the Permian Basin. “The Permian Basin is currently the best oil address in the world outside of the Middle East – second largest oil field after Ghawar.” Forbes2017



## Permian Basin

Total oil and gas production to date  
**33 billion bbls & 118 TCF**

Daily oil & gas production now  
**3.4 mill bbls/d & 11.3 bcf/d**

**32% of US oil production now**

**46% of onshore drilling rigs**

Remaining reserves of 46 billion  
**bbls & 281 TCF (USGS 2018)**

# Why explore in the Permian Basin?

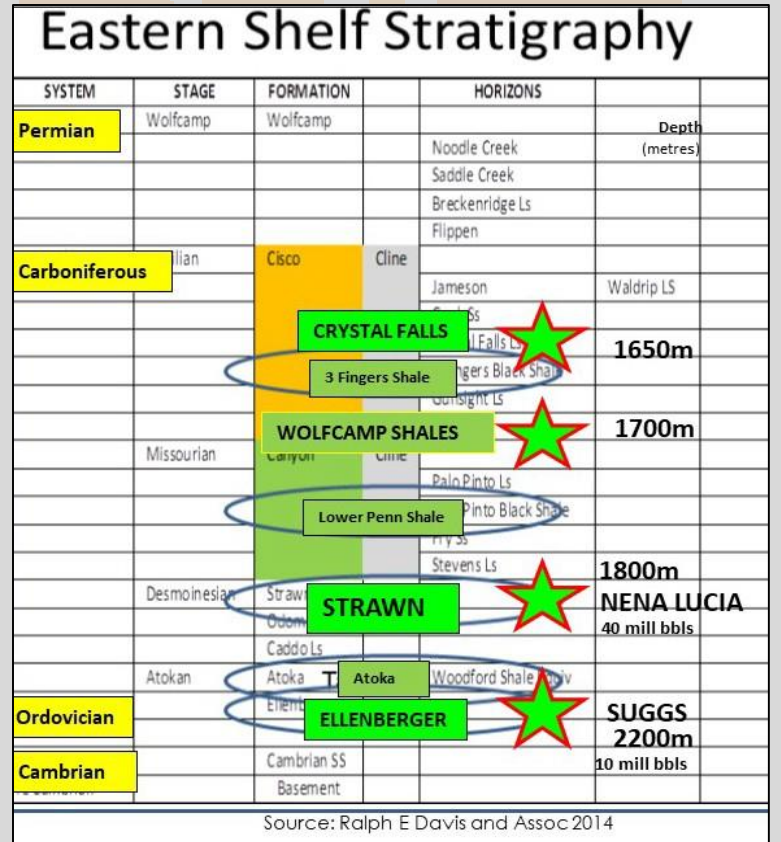
Stacked proven oil producing horizons

**17,000 net acres with multiple stacked conventional drilling targets in US premier onshore oil area.**

**Initial focus is on development of Mustang Strawn Sand stratigraphic prospects.**

**Total cumulative gross prospective resource for Mustang, Lightning, Spitfire & El Dorado prospects from best estimate of 9.7 mill bbls to high estimate of 22.7 mill bbls\*.**

**Significant Wolfcamp D shale unconventional oil potential with fracking in progress & planned horizontal drilling by farminee US Energy Corporation.**



*Cautionary Statement: The cumulative total gross best (P50) and high estimate prospective (P10) resources quoted above was announced to the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. See Disclaimers for further information.*

# Winchester Energy ASX:WEL

## Oil Production & Sales Revenue Status June Quarter 2019

Gross Oil production averaged 208 bopd June qtr.

Winchester WI production averaged 133 bopd June qtr - **increase of 247%** over March 2019 quarter.\*

Winchester revenue from oil & gas sales of US\$488,000 June qtr - **increase of 254%** over March 2019 quarter.

Increase in oil production and sales revenue result of Successful development drilling at Mustang Prospect in May 2019 – White Hat 20-3 IP 306 bopd.

Average oil sale price of 48 degree API oil during June quarter- US\$54.10/bbl.



\* note that all oil and gas production is subject to royalty payments to the oil and gas rights owners. The figures represented above are for oil production only (and exclude gas sales) and are pre-royalty.

# Capital Structure

Shares trading \$0.03 on 12 July 2019



Share price graph

Cash on hand 31 May 2019	<b>A\$1.6 mill</b>
Total shares on issue	<b>431 mill</b>
Total options on issue @A\$0.12/share	<b>39 mill</b>
<b>DEBT</b>	<b>NIL</b>
Current Market Cap @ 3.2 cents/share	<b>A\$12.9 mill</b>
Board and Management (% ownership of the Company)	<b>32%</b>

## Board and Management

**John Kopcheff (Non-Exec Chairman)**  
Ex Vicpet/Senex MD & founder-technical experience

**Neville Henry (MD)**  
Successful start up-Aurora, business & technical experience – Texas

**Peter Allchurch (NED)**  
Successful start up-Aurora & technical experience

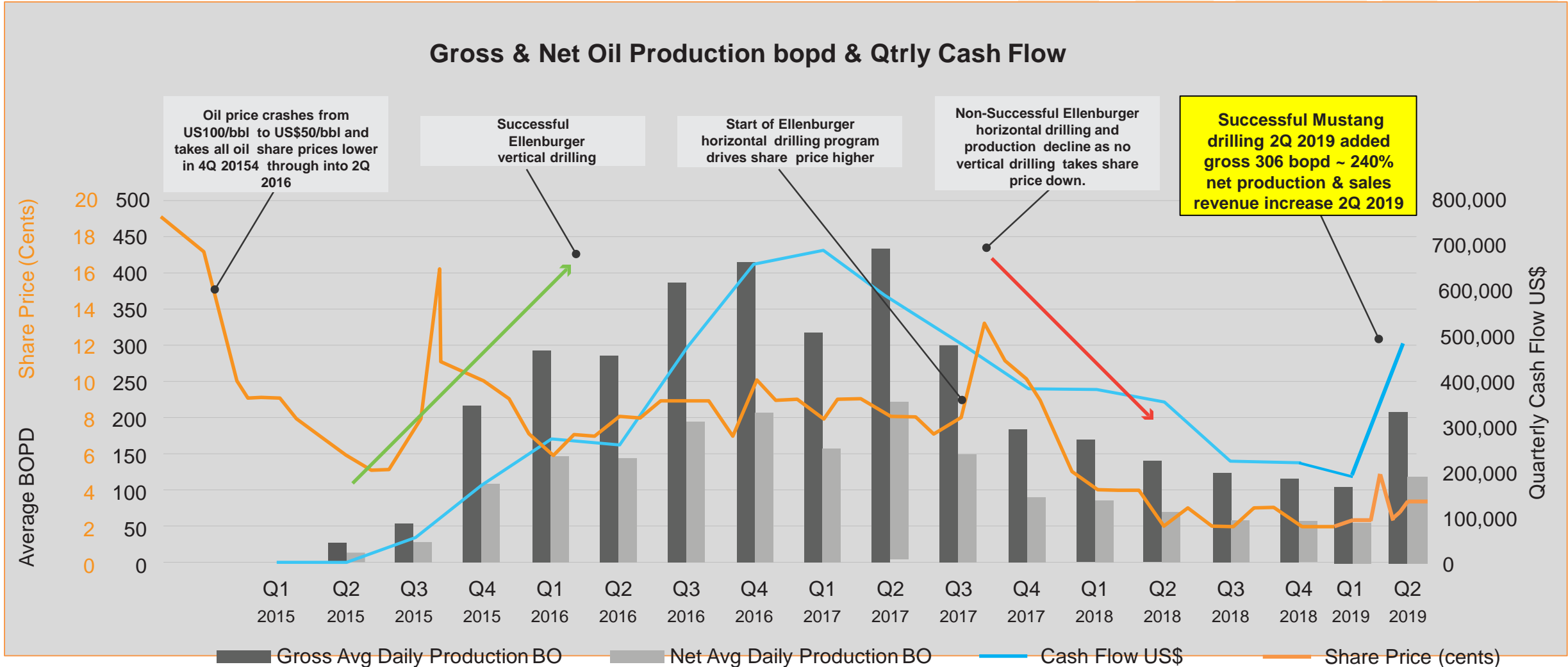
**Larry Liu (NED)**  
Commercial & investment experience - China

**Neville Henry**  
Managing the business and geotechnical

**Hugh Idstein**  
CFO - manages leases & finances

# Oil Production, Cash Flow and share price

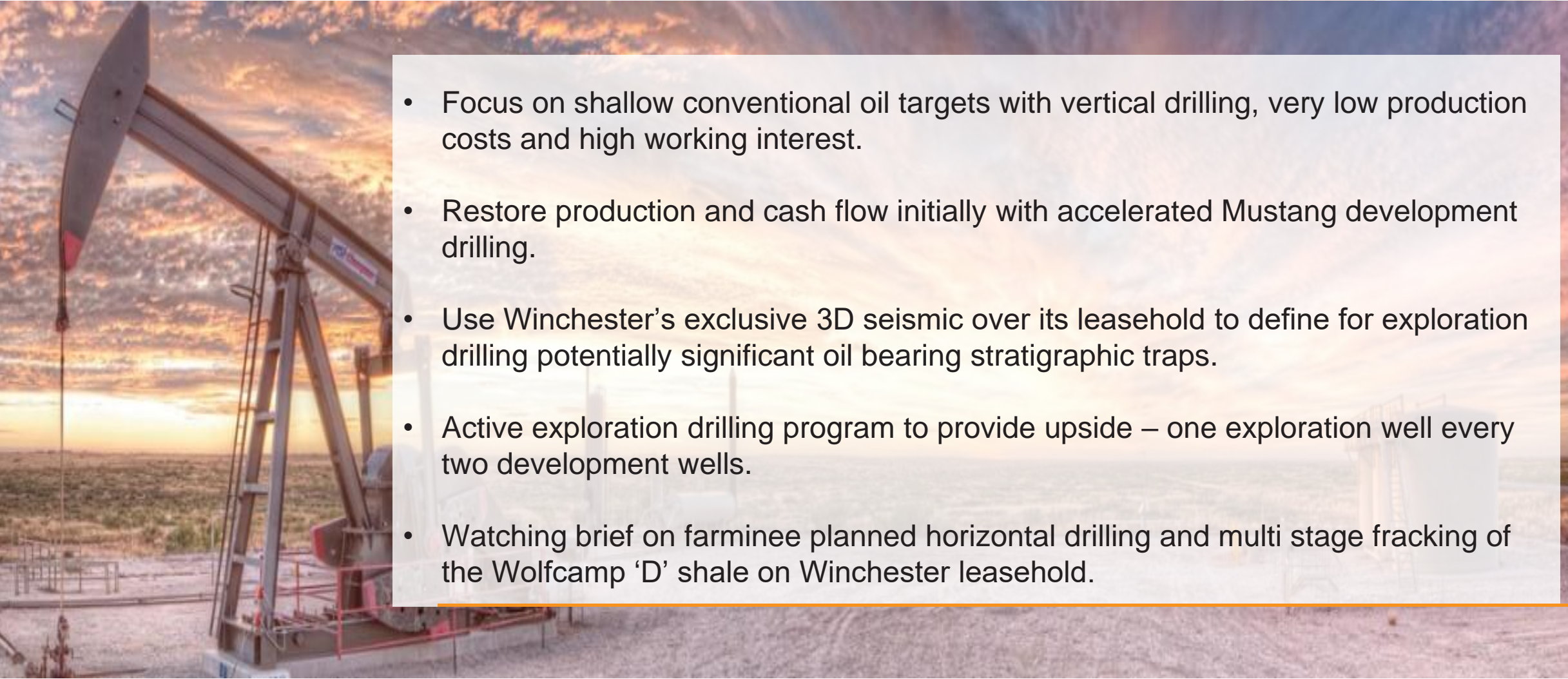
from IPO listing 6 October 2014





# How to increase Winchester shareholder value?

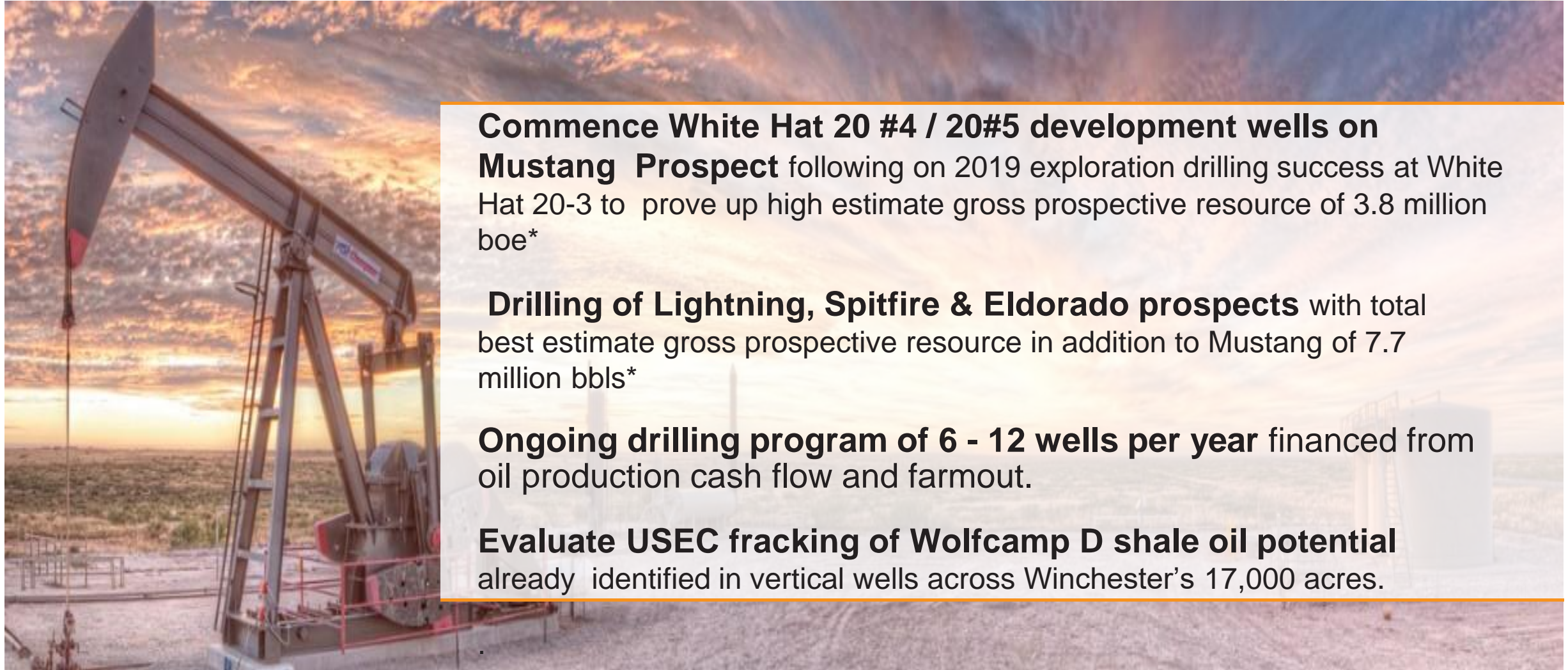
Restore & grow production, cash flow & reserves by successful development and exploration drilling of 17,000 acres of leasehold

- 
- Focus on shallow conventional oil targets with vertical drilling, very low production costs and high working interest.
  - Restore production and cash flow initially with accelerated Mustang development drilling.
  - Use Winchester's exclusive 3D seismic over its leasehold to define for exploration drilling potentially significant oil bearing stratigraphic traps.
  - Active exploration drilling program to provide upside – one exploration well every two development wells.
  - Watching brief on farminee planned horizontal drilling and multi stage fracking of the Wolfcamp 'D' shale on Winchester leasehold.



# How to increase Winchester shareholder value?

## - the details



**Commence White Hat 20 #4 / 20#5 development wells on Mustang Prospect** following on 2019 exploration drilling success at White Hat 20-3 to prove up high estimate gross prospective resource of 3.8 million boe\*




























**Drilling of Lightning, Spitfire & Eldorado prospects** with total best estimate gross prospective resource in addition to Mustang of 7.7 million bbls\*

**Ongoing drilling program of 6 - 12 wells per year** financed from oil production cash flow and farmout.

**Evaluate USEC fracking of Wolfcamp D shale oil potential** already identified in vertical wells across Winchester's 17,000 acres.

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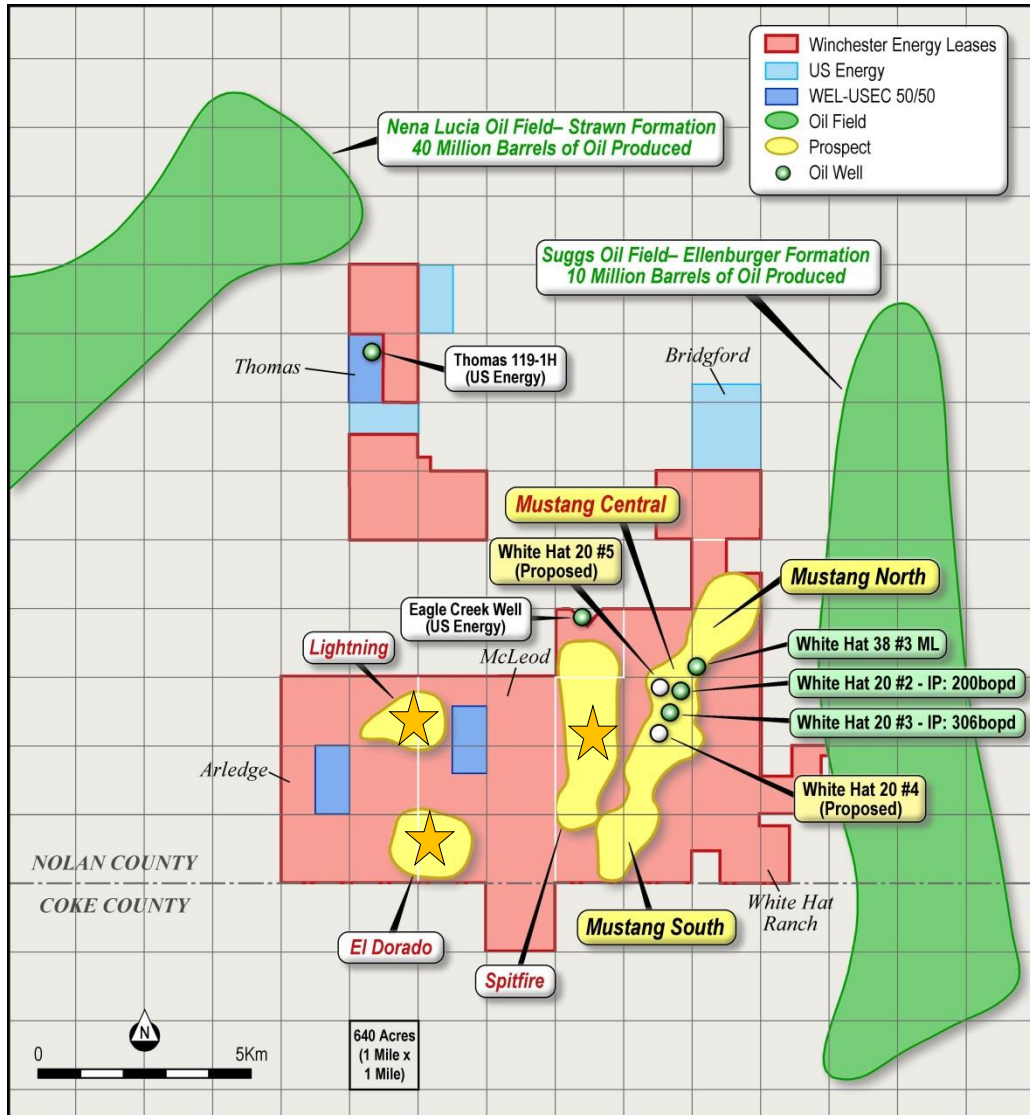
# 2019 Planned Drilling schedule

PERMIAN BASIN WINCHESTER WELL INTEREST % (After farmout- direct)	Well Interest	2019						2020
		July	August	September	October	November	December	January
Mustang 20 #4 Fry Sand appraisal	75.0%							
Thomas Ranch #119H Wolfcamp Shale Frac-USEC	12.5%*							
Lightning -Arledge 16#2 Cisco Sands	100.0%							
Mustang 20 #5 Fry Sand appraisal	75.0%							
Spitfire 212 #1 Fry/Strawn and Ellenburger	75.0%							
Mustang 20 #6 / #7/ #8/ #9 Fry Sand appraisal	75.0%				 	 	 	 
Thomas Ranch Strawn and Ellenburger	50.0%							
Bridgford 40 Strawn and Ellenburger	50.0%							
El Dorado Strawn and Ellenburger	50.0%							
<b>LEGEND</b>		 Appraisal Drilling	 Vertical Drilling	 Production Testing				
(Note: All well timing and well interests subject to rig availability, funding and farmout)								





# Mustang Development Program & Exploration Prospects



## Mustang Development Targets

*P50: 2.03 mmboe\* P10: 3.78 mmboe\**

- Mustang Central
- Mustang South
- Mustang North

## Exploration Prospects

- ★ Lightning : *P50: 1.95 mmbo\**
- ★ Spitfire : *P50: 4.99 mmbo\**
- ★ El Dorado : *P50: 1.27 mmbo\**

\* Cautionary Statement: The cumulative total gross best (P50) and high estimate prospective (P10) resources quoted above was announced to

14 July 2019 the ASX on 15 October 2018, 21 June 2019 and 25 June 2019. Boe (barrels oil equivalent). See Disclaimers for further information.



# Independent Prospective Resource Estimation\*

Mire & Associates Inc.

## Mustang

**Strawn Sand- Fry Member**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 2.03 mill boe\*

High estimate: 3.78 mill boe\*

**CHANCE OF SUCCESS\*\*  
81% (WEL Ranking)**

## Lightning

**Cisco stacked sands**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 1.95 mill bbls\*

High estimate: 6.39 mill bbls\*

**CHANCE OF SUCCESS\*\*  
23% (WEL Ranking)**

## Spitfire

**Strawn Sand & Ellenburger  
Limestone**  
*Gross Prospective Recoverable  
Resource*

Best estimate: 4.49 mill bbls\*

High estimate: 9.91 mill bbls\*

**CHANCE OF SUCCESS\*\*  
28% (WEL Ranking)**

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*\*\* Estimated chance of finding oil based on risk relating to presence of : Trap X Reservoir X Source X Charge*

# Strawn Sand Drilling

## Production Economics

**Shallow drilling depth:** 1,900 meters (6,200 feet).

**Low drilling cost:** US\$800,000 for vertical wells fracked and completed on production.

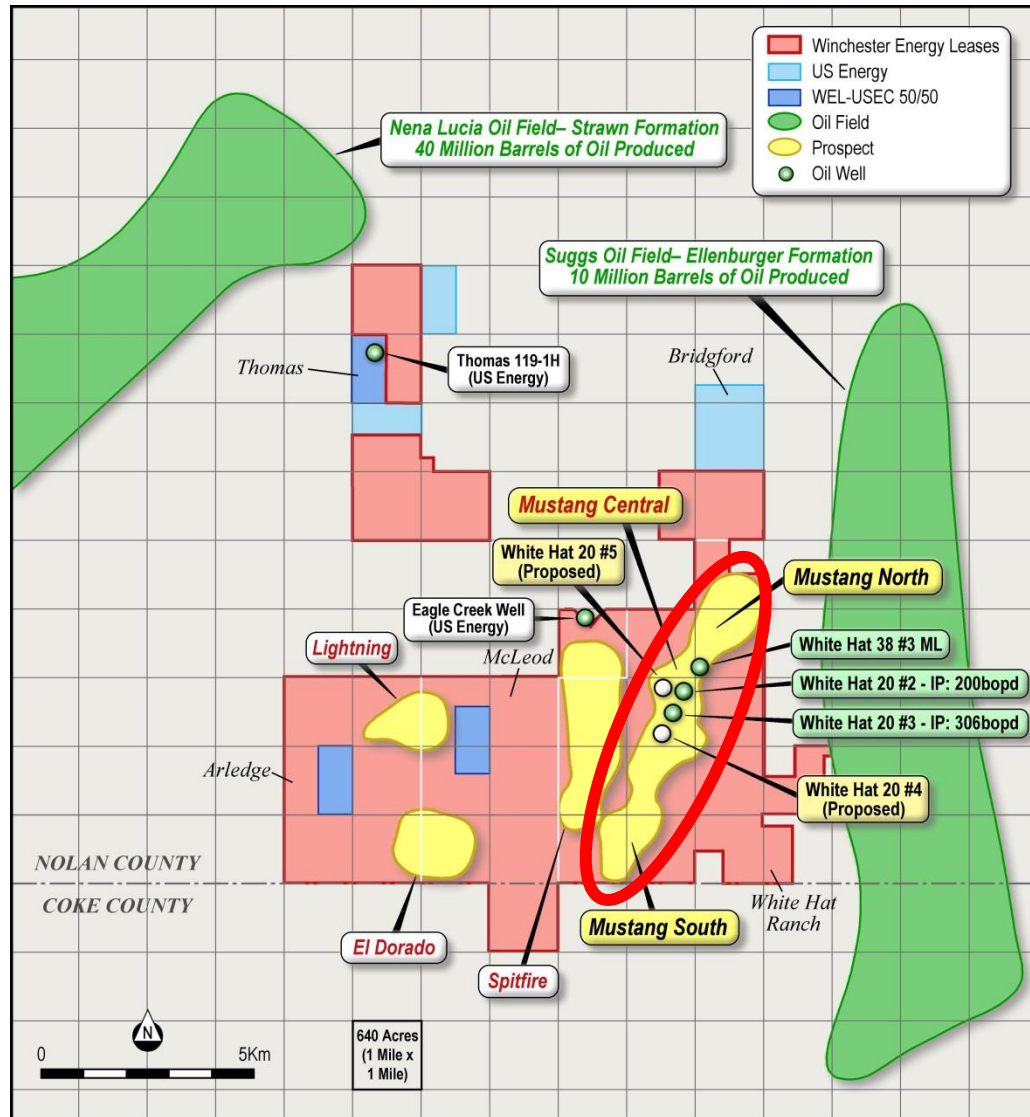
**Very low cost of production of US\$10/bbl,** profitable at current low oil prices.

**Development Drilling:** A planned consistent program will decrease drilling and completion costs, improve storage and gathering and reduce cost of finding and development of further production.



# Mustang Prospect

## Drilling and discovery history



Five wells drilled into low perm Strawn oil sand in 1965.

All five wells drilled in 1965 non-commercial with rapid decline with conventional drill stem tests.

Winchester in 2017 with 'fresh technical eyes', exclusive 3D seismic & large well data base identified large stratigraphic Strawn low perm 'tight' sand oil pool.

High Estimate P10 gross prospective resource of original oil in place of 16.9 million bbls\* over area of up to 2,000 acres.

White Hat 20-2 drilled in 2017 on Mustang Central drilled through the Strawn 'tight' oil sand pool.

Winchester first to apply modern frack stimulation method to this Strawn 'tight' oil sand at White Hat 20-2 increasing production on pump from 30 bopd to IP 200 bopd.

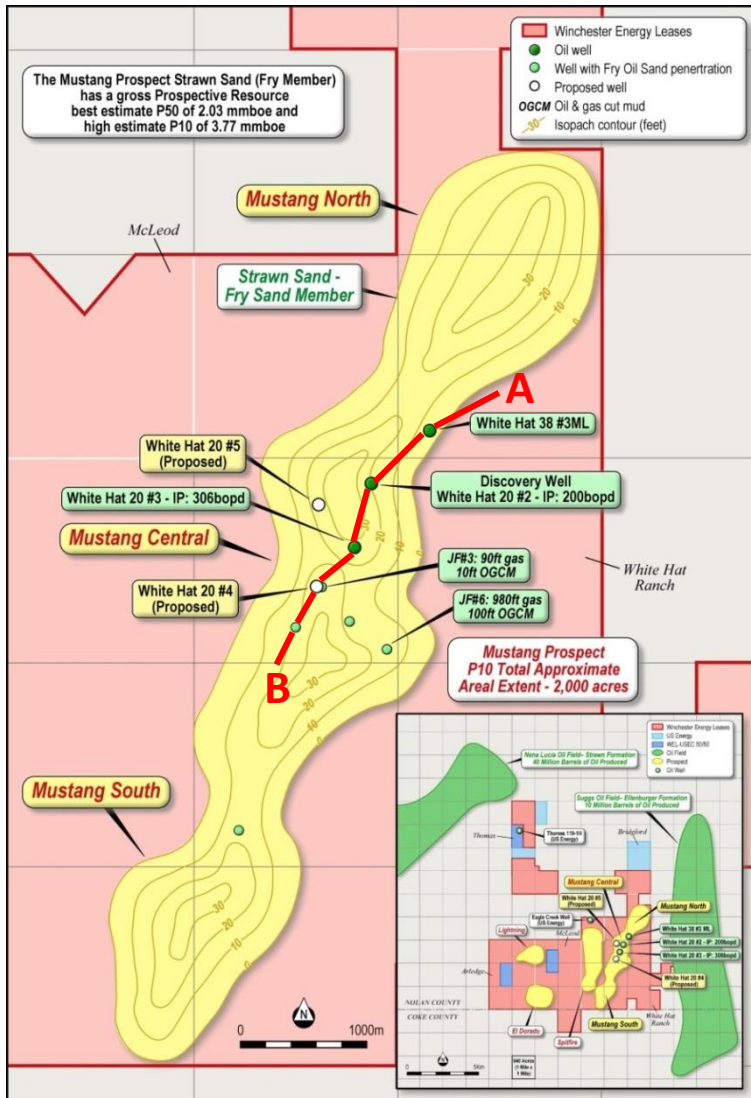
Follow up White Hat 20-3 drilled in March 2019 increased Strawn 'tight' oil sand production after fracking to IP 306 bopd.

*Cautionary Statement: The cumulative total gross high estimate prospective (P10) resources quoted above was announced to the ASX on 21 June 2019. See Disclaimers for further information.*



# Mustang Prospect

## Active 2019 development drilling program



Following completion of White Hat 20-3 for production at initial production rate of 306 bopd, Mustang Prospect confirmed as target for further development drilling.

Current interpretation of data indicates within the Strawn Fry Sand member a Gross prospective resource high estimate (P10) of 3.78 million boe\*.

Accelerated development drilling of Mustang Prospect with White Hat 20-4/ White Hat 20-5 drilling in late July / early August 2019.

White Hat 20-4 high confidence well as 'twinning' Jack Frost-3 which recovered oil and gas cut mud on test in 1965.

White Hat 20-5 offsetting White Hat 20-2 and 20-3 oil production wells.

Further development drilling planned on up to nine wells in Mustang Central.

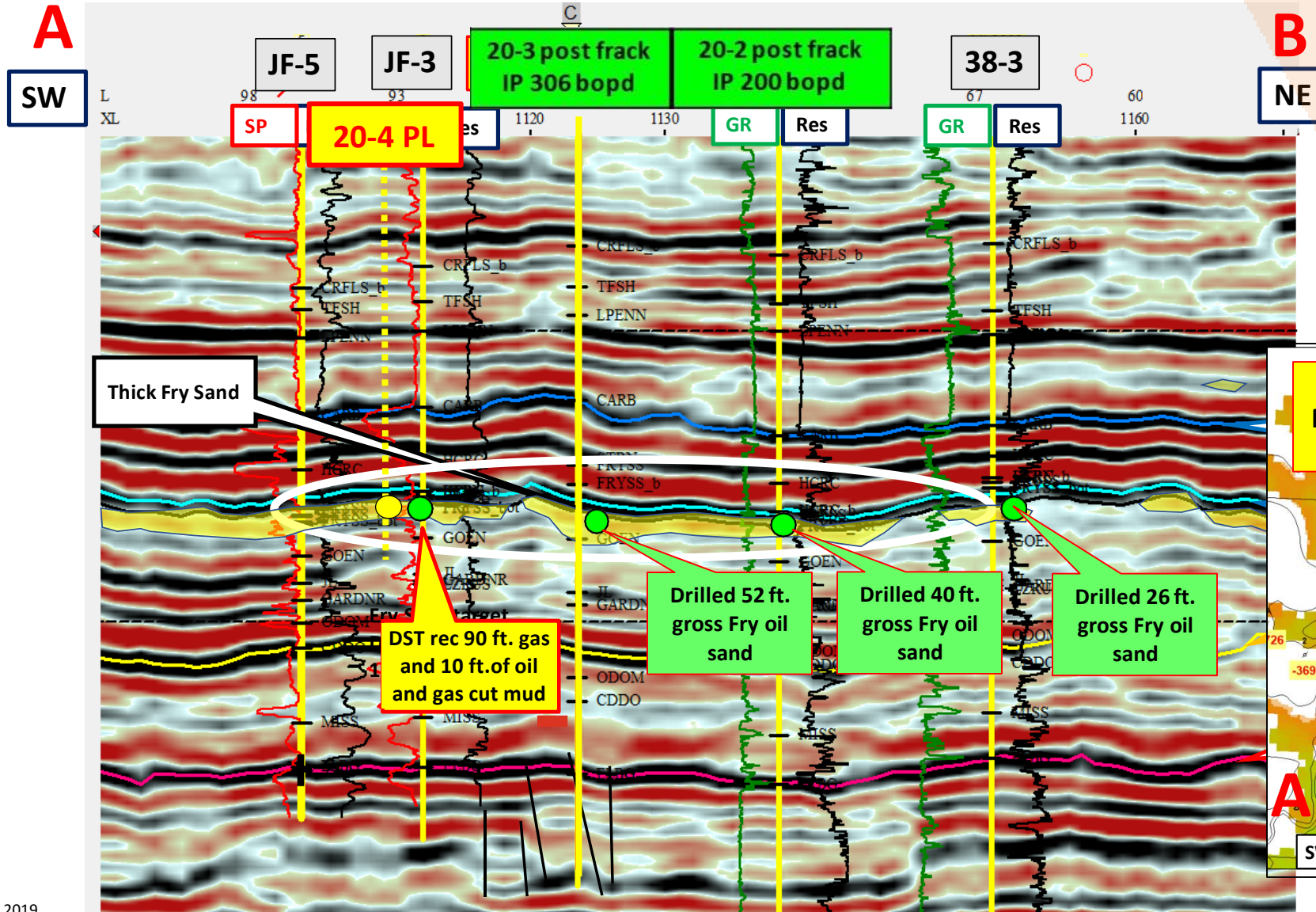
Up to additional 25 development well locations indicated for Mustang South and North.

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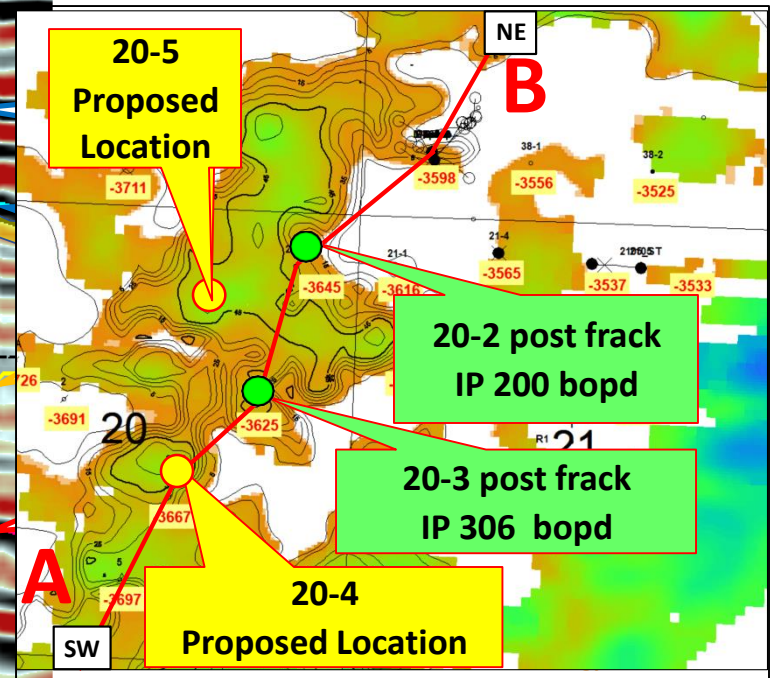


# Mustang Prospect – White Hat 20-4

SW – NE Seismic 3D seismic section through planned White Hat 20-4 development well location, Central Lobe,

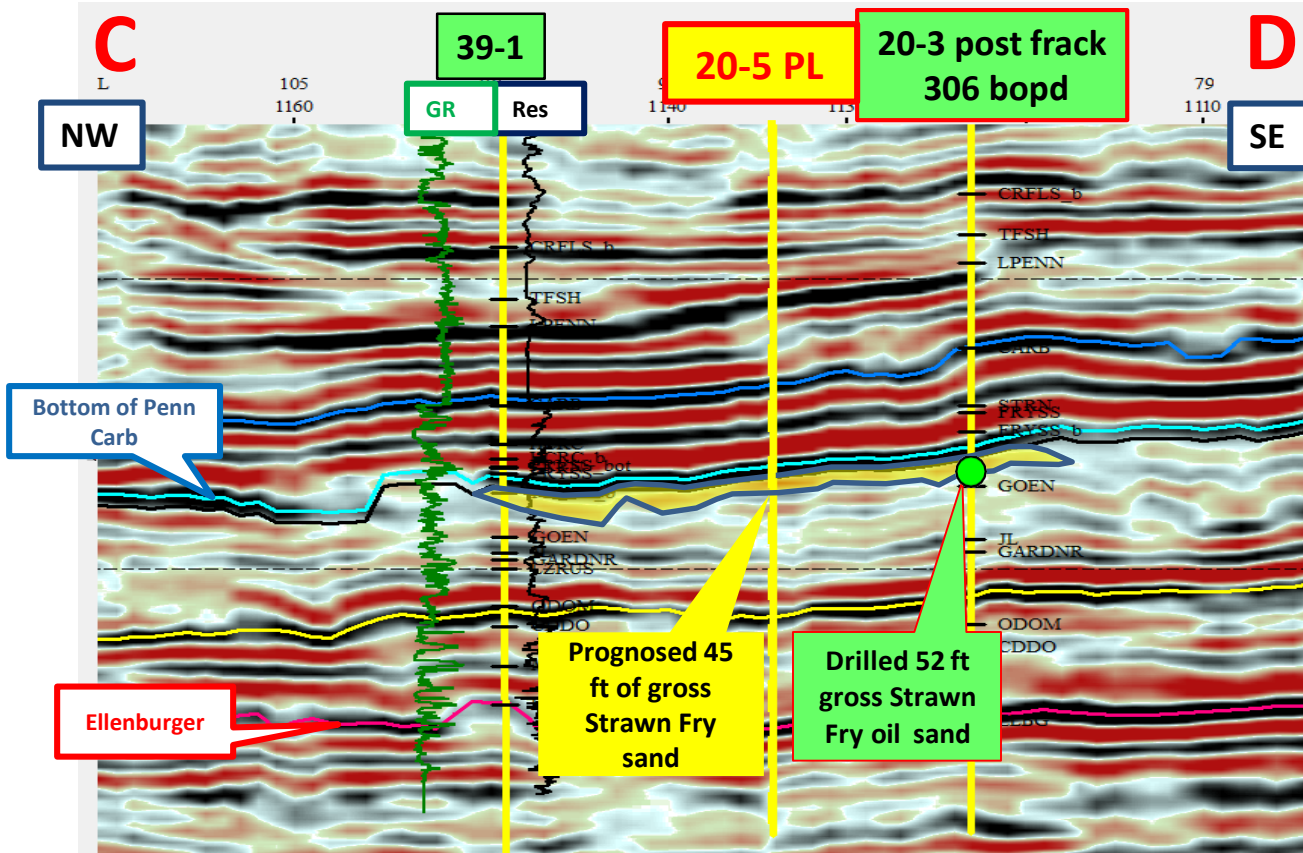


Interpreted Strawn "Fry" sand thickness & 3D seismic amplitude map – Mustang central lobe

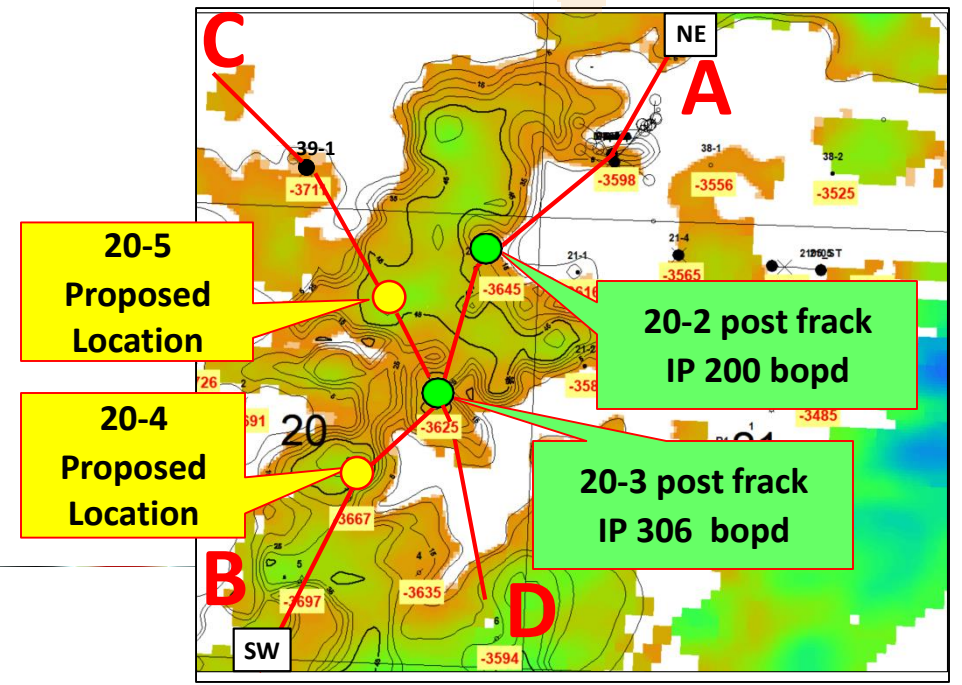


# Mustang Prospect – White Hat 20-5

NW - SE 3D seismic section through planned White Hat 20-5 development well location, Central Lobe.

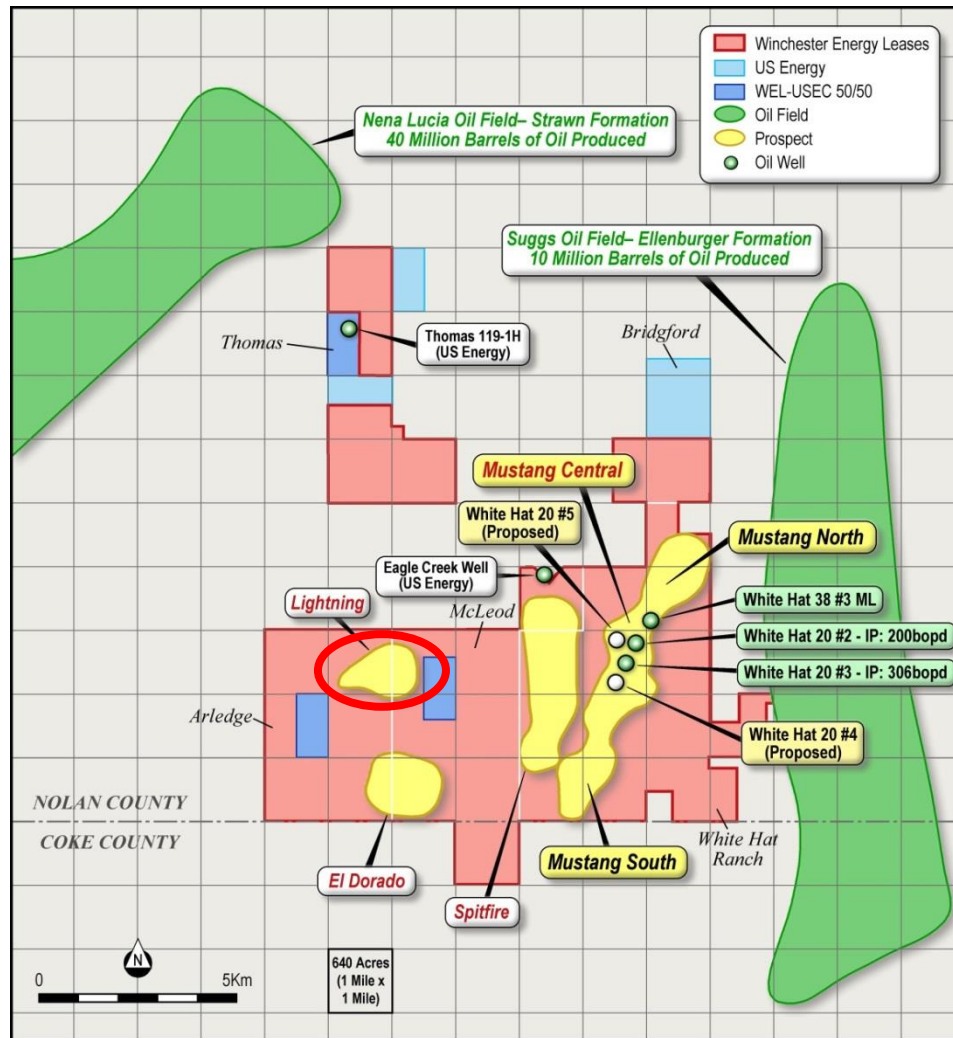


Interpreted Strawn "Fry" sand thickness & 3D seismic amplitude map – Mustang central lobe





# Exploration Prospect - Lightning



Target is an Upper and Lower Cisco sand section with untested laminated potential oil pay in Arledge 16#1 from wireline logs and oil shows.

Down dip oil production supports the possible presence of oil in the Lower Cisco target zone.

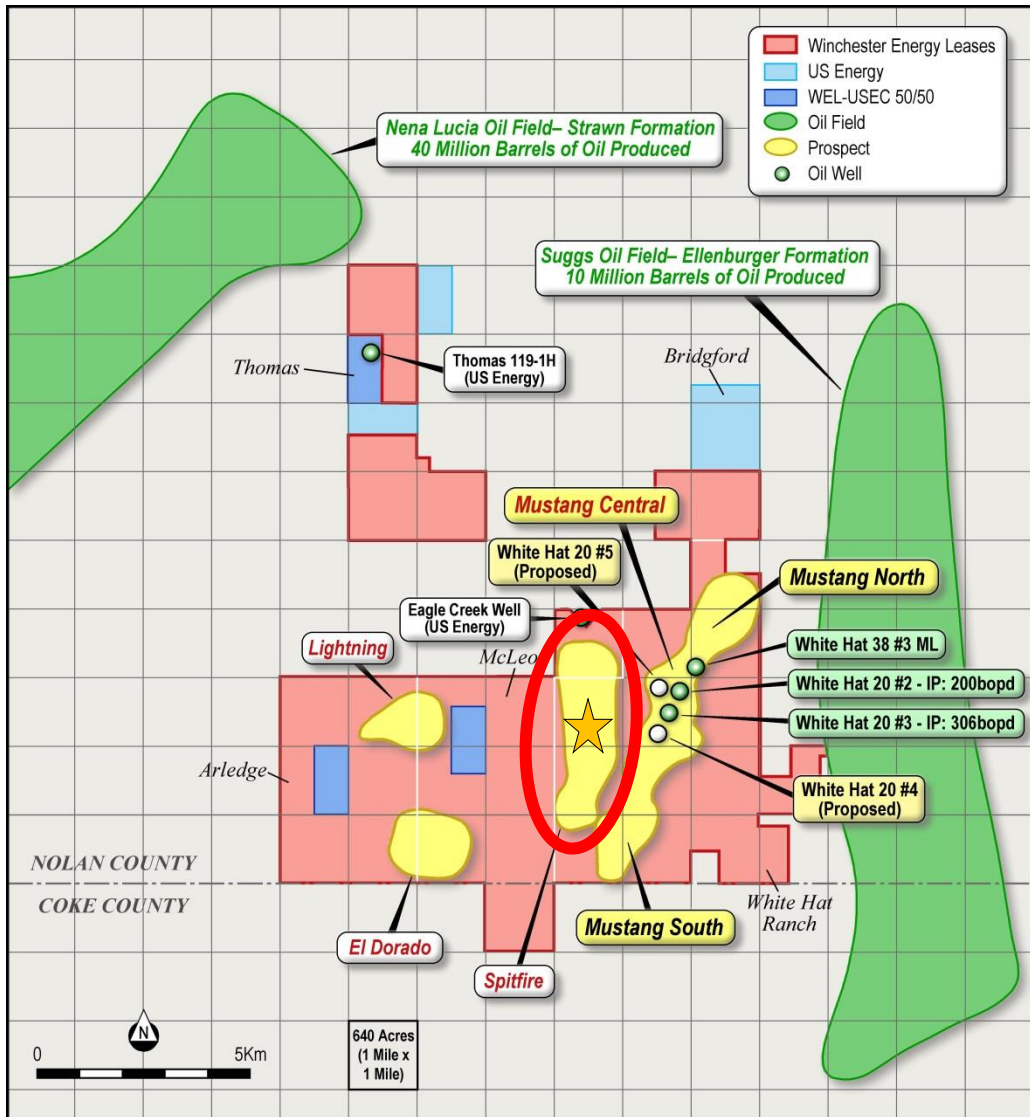
Gross prospective resource from best estimate (P50) of 1.96 million barrels of oil to high estimate (P10) of 6.39 million bbls of oil\*

Arledge 16#2 a redrill of Arledge 16#1 untested oil shows drilled to 5,500 ft.

Wireline logs confirm 45 feet of probable net oil pay in gross 131 feet of oil shows in Upper and Lower Cisco sands.

*\*Cautionary Statement: The total gross best estimate prospective resource (P50) and gross high estimate prospective resource (P10) quoted above were announced to the ASX 25 June 2019. See Disclaimers for further information.*

# Exploration Prospect - Spitfire 'Strawn Channel'



Target is a 3D seismically defined major Strawn 'channel' feature interpreted to be filled with Upper Strawn Sand

Support for the presence of Strawn sand fill in the 'channel' is provided by a well drilled to the west of the channel edge that intersected sand with oil shows.

Best Estimate (P50) gross prospective resource of 4.49 million barrels of oil\* in target Strawn & Ellenburger Limestone.

White Hat 212#1 will be drilled to a depth of 7,100 ft.

Drilling planned for late 3Q 2019.

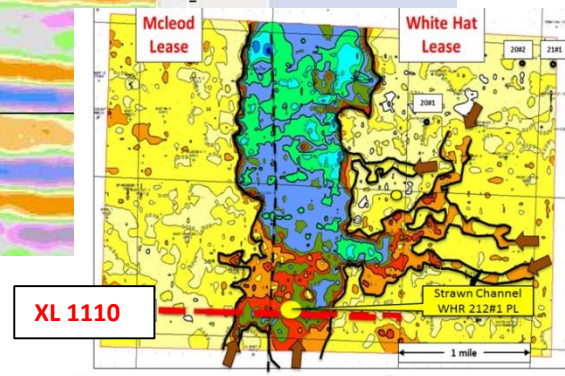
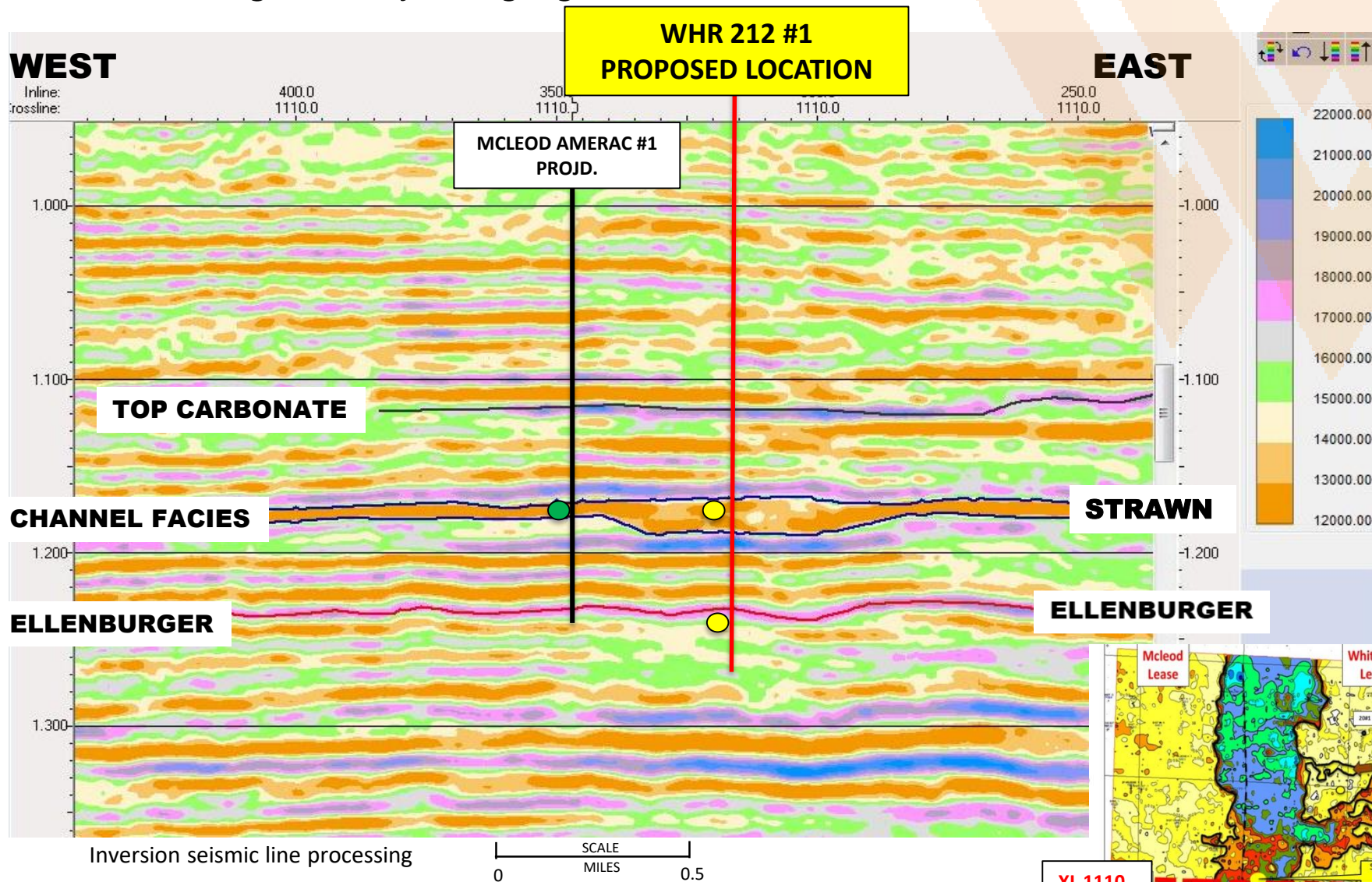
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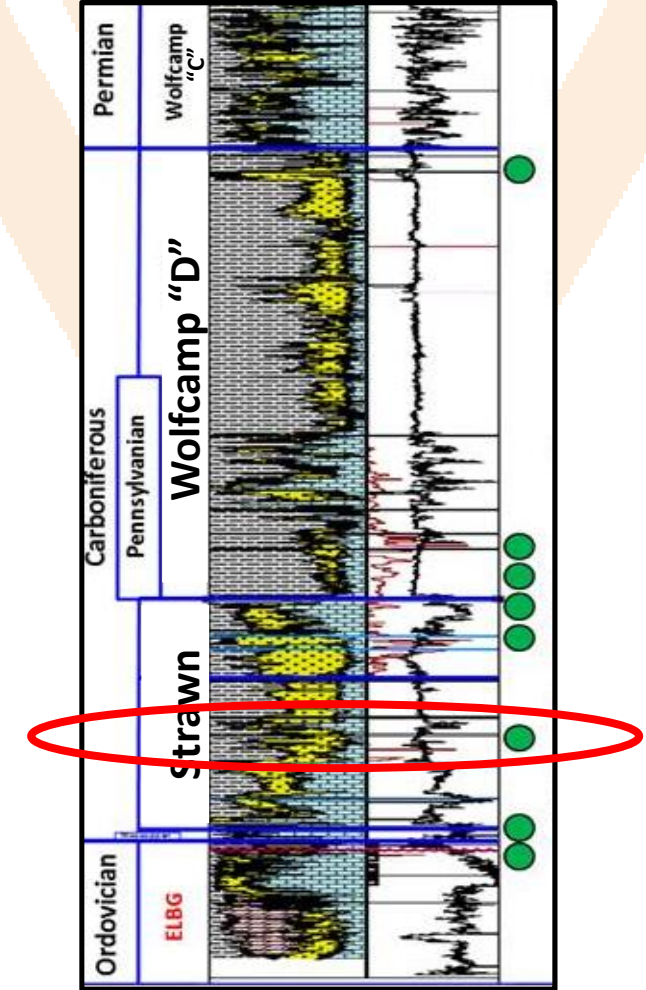
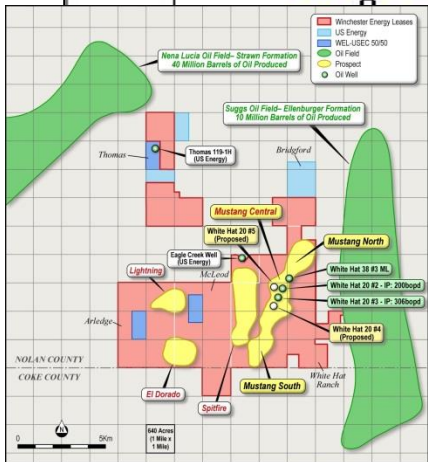
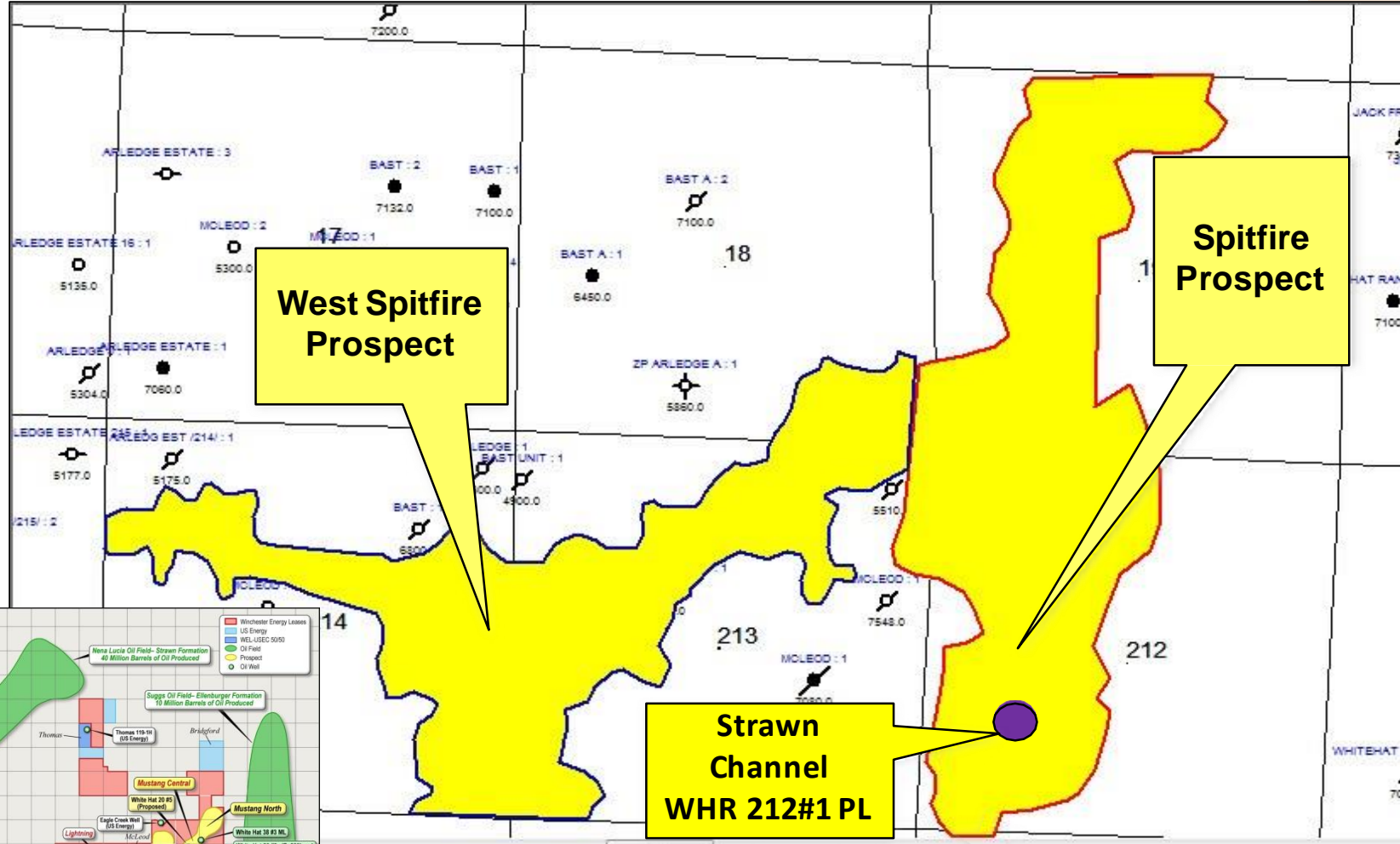
# Spitfire Prospect Strawn Channel Prospect

seismic line XL1110 using velocity imaging



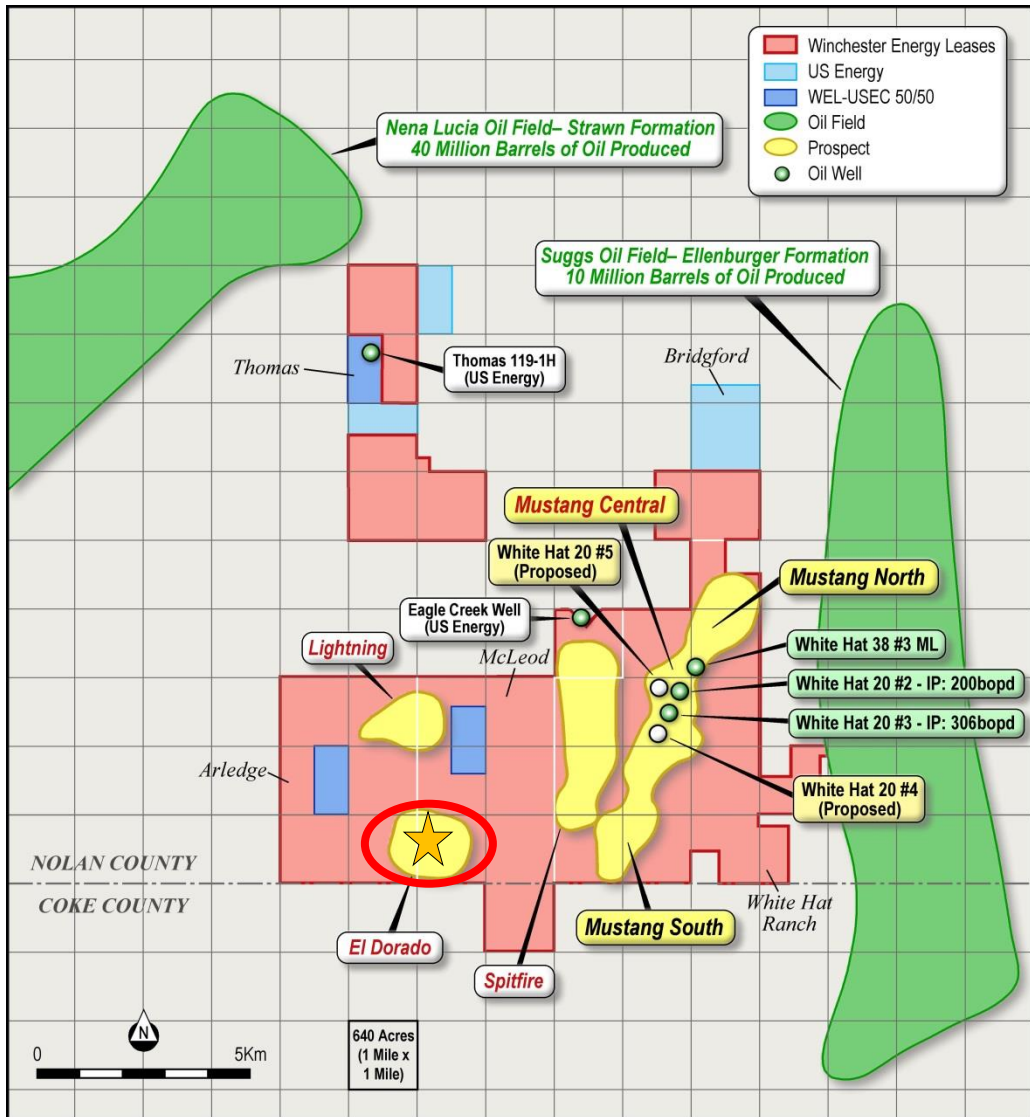
# Spitfire 'Strawn Channel' Prospect

Possible West Spitfire extension





# Exploration Prospect - El Dorado



El Dorado Prospect is a 3D seismically defined four way dip structural closure at the Strawn and Ellenburger Limestone horizons.

Secondary targets are in the Cisco down to the Strawn Formation.

Good porous Ellenburger limestone with oil shows was drilled off the western flank of the structure.

Best estimate (P50) gross prospective resource of 1.26 million barrels of oil\* in target Strawn & Ellenburger Limestone.

Eldorado #1 to be drilled to a depth of 7,100 ft.

Drilling planned for 4Q 2019.

\*Cautionary Statement: The total gross best estimate prospective resource (P50) quoted above was announced to the ASX on 15 October 2018. See Disclaimers for further information.



# El Dorado Prospect

## Arbitrary 3D Seismic Line

El Dorado 240 #1  
2009

Arledge

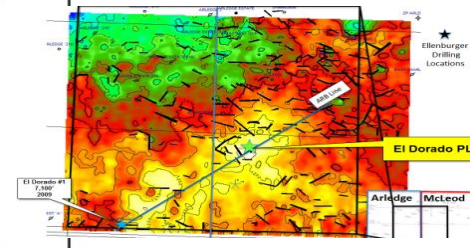
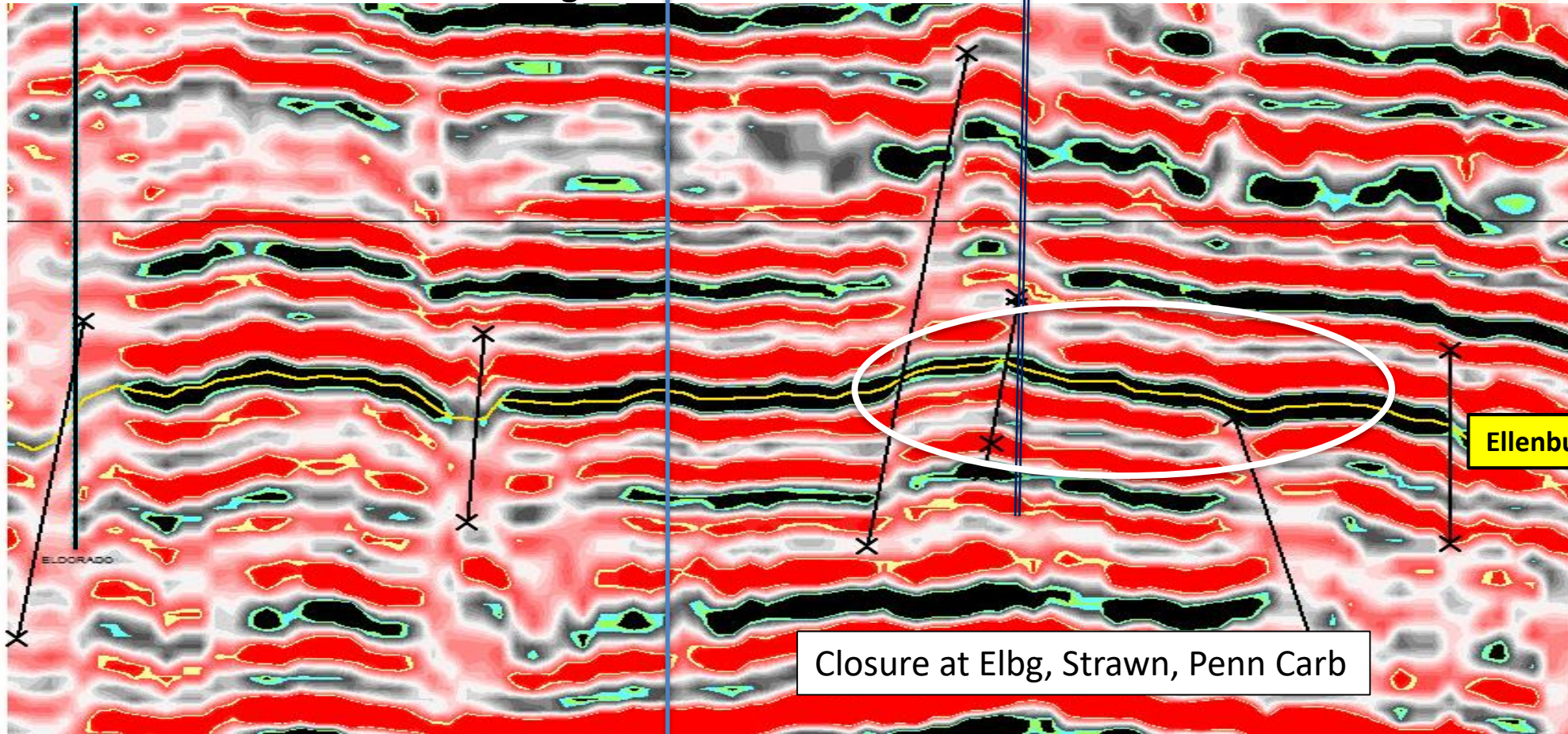
McLeod

El Dorado A  
Proposed Location

Strawn

Ellenburger

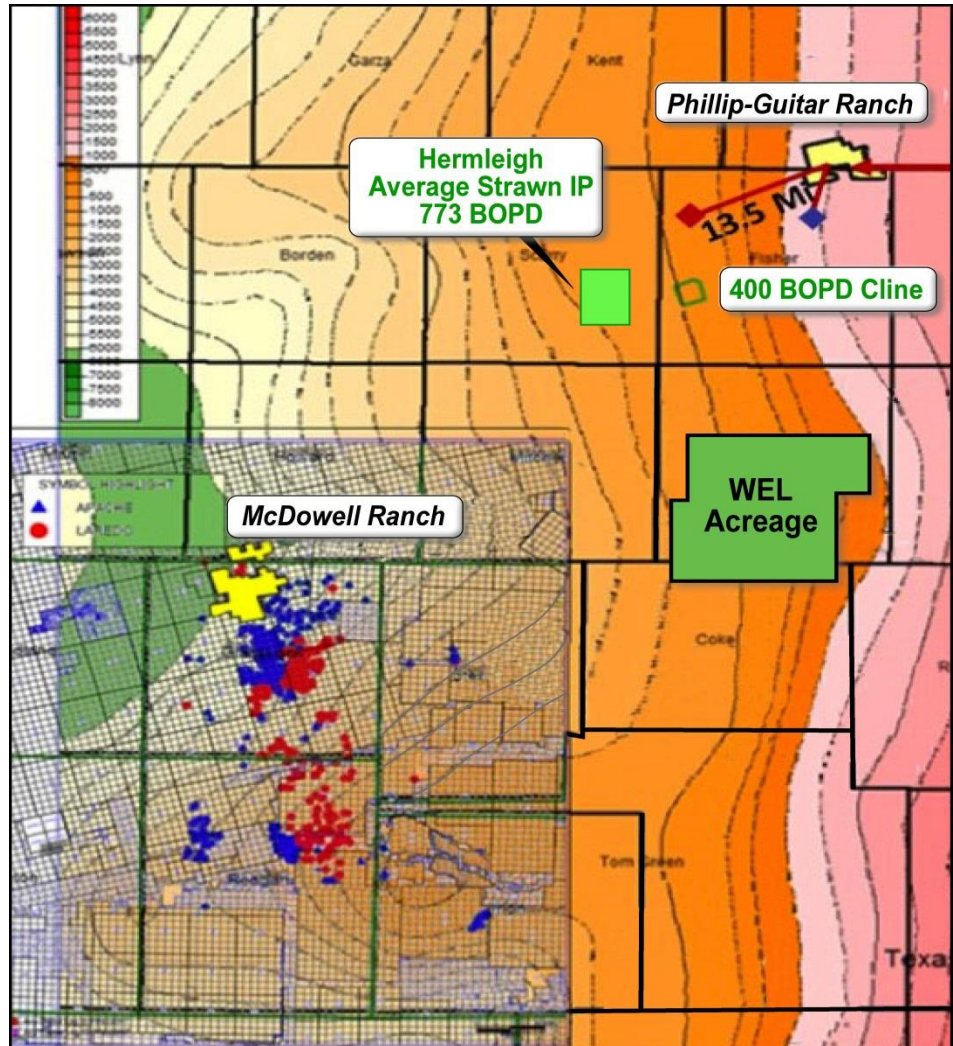
Closure at Elbg, Strawn, Penn Carb





# Adjacent Strawn Activity Current

Hermleigh Oil Field Strawn horizontal & multi stage fracks with IP's of up to 1,461 bopd



**Verado Energy carrying out successful laterals & multi stage fracks in Strawn Formation in adjacent Scurry County 15 miles northwest of WEL acreage.**

**Average Initial Production rates of 773 bopd from eight wells with ave 5,400ft laterals and fracks.**

**5400ft laterals and 25 multi stage fracks.**

**US\$5 million each lateral drilled and completed for production**

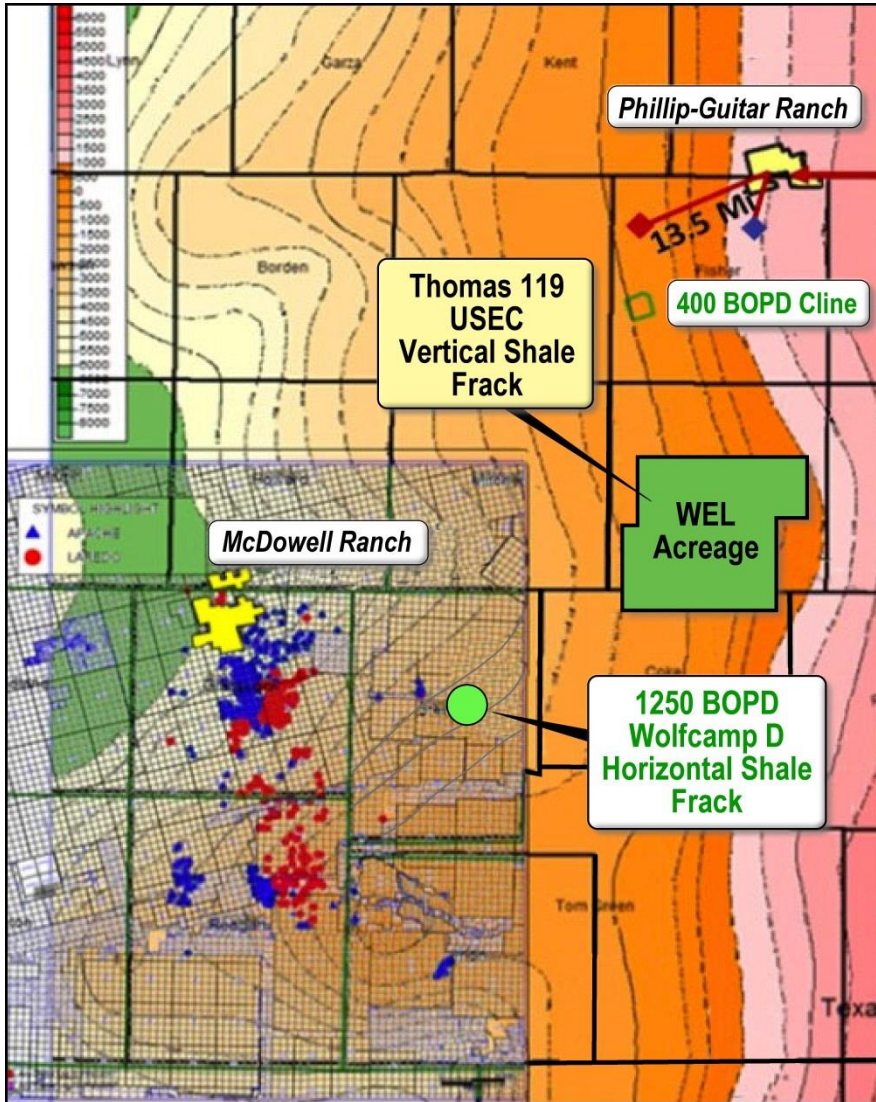
**Hermleigh Strawn Oil Field potential analogue for horizontal development of Spitfire channel play Strawn section.**

**Spitfire channel play extends over area ranging from 2,000-4,000 acres. Gross prospective resource range 4.5 mill bbls (P50)- 9.9 mill bbls (P10)\*.**

*\*Cautionary Statement: The total gross best estimate prospective resource (P50) and high estimate prospective resource (P10) quoted above was announced to the ASX on 15 October 2018. See Disclaimers for further information.*

# Wolfcamp "D" Shale / Eastern Shelf Area

Thomas 119 vertical frack carried out by USEC 1Q 2019

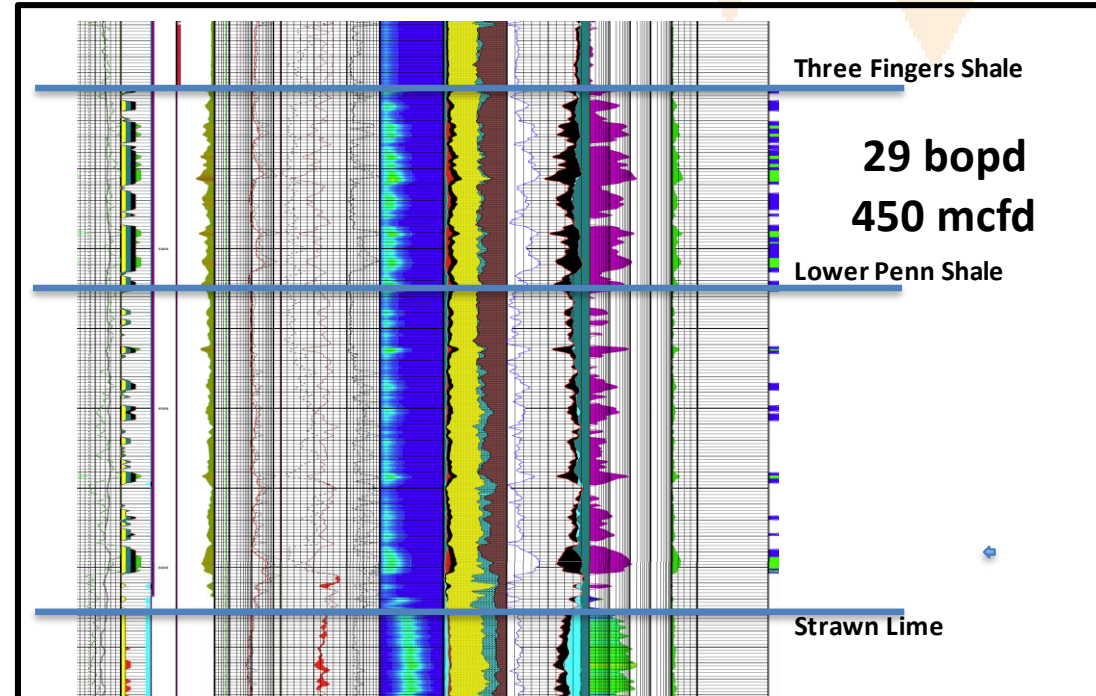


Significant vertical frack oil and gas rates reported by USEC for the Wolfcamp 'D' Three Fingers Shale.

First test in Winchester's leasehold with Winchester having a 12.5% WI back in after USEC recover costs.

Wolfcamp "D" Shale extends over Winchester's 17,000 acre leasehold.

## Well log for Wolfcamp "D" Three Fingers Shale – Thomas 119-1







# WINCHESTER

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