



Spudding of Second White Hat Well - White Hat 21#1

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ASX Code: WEL

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As a consequence of successful commercial oil production from the White Hat 20#1 vertical well, the Operator of that well, Carl E Gungoll Exploration LLC (**CEGX**) has decided to drill a second vertical well, offset approximately 1500 metres to the north-east of White Hat 20#1.

This new vertical well (**White Hat 21#1**) will spud tomorrow. CEGX will have a 50% working interest (**WI**) in the new White Hat 21#1 vertical exploration well as well as in the surrounding 40 acre drilling unit. Winchester Energy Limited (**Winchester** or **the Company**) will own the other 50% working interest (**WI**) in the White Hat 21#1 vertical exploration well along with a 50%WI in the surrounding 40 acre drilling unit. Each party will pay 50% of the costs of the White Hat 21#1 vertical well.

CEGX's budgeted cost for the White Hat 21#1 well is a total of US\$1,140,000. This is comprised of US\$420,000 for drilling and US\$720,000 for completion. Winchester's 50% share therefore is US\$210,000 for drilling and US\$360,000 for completion.

Being an offset well, CEGX's primary target in the White Hat 21#1 well will be oil in the Ellenburger Formation. Proposed total depth (**TD**) of White Hat 21#1 is 7,100 feet. In drilling to total depth the well will however first pass through the Cisco Sands, the Canyon Sands and the Strawn Formation along with unconventional oil targets in the Cline Shale and Barnett Shale equivalent, all prior to reaching the targeted pay zones in the Ellenburger Formation. Standard well logs will be run to analyse all these potential pay zones prior to any decision to complete the well.

Winchester's wholly owned USA subsidiary, Winchester Energy USA Holdings Inc., owns a 75% working interest (**WI**) in the oil and gas mineral rights of the 7,378 acres which surround and adjoin the White Hat 20#1 well (Winchester 50% WI) and this new White Hat 21#1 well. CEGX owns the remaining 25%WI in these 7,378 acres.

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