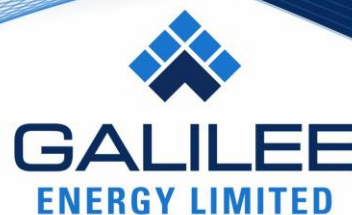


# Hoffer B1 Production test update

ASX/MEDIA ANNOUNCEMENT

15 June 2015



- **Production testing continuing at Hoffer B1**
- **First of the Middle Midcox tests stabilised flow > 3.0 MMscfd**
- **Seismic indicates multiple well development in these zones**
- **Additional zones remain to be tested**

## **Hoffer B1 Well (Galilee 35% WI, reducing to 28% after payout)**

Galilee Energy Limited (ASX:GLL) ("**Galilee**" or the "**Company**") is pleased to provide an update on testing at the Hoffer B1 well located in Lavaca County, Texas.

As previously indicated, open hole geophysical logs in the upper portion of the well were interpreted to demonstrate the presence of reservoir quality sandstones with 43ft of net pay. Testing of these zones has now commenced with extremely encouraging initial production test results.

The first of these zones in the Middle Midcox interval at 11,500-11,565 ft has been perforated and production tested. This interval contains two sandstones totalling about 17 ft of net pay, which were confirmed to be high deliverability and gas bearing. Testing was conducted for 12 hrs after initial clean up with an average flow rate of 3.5 MMscfd of gas at just over 3500 psi flowing tubing pressure on a 17/64" choke. The well also flowed an undetermined amount of associated hydrocarbon liquids, thought to be in the range of 25-50 barrels of condensate per day.

The testing of this zone was suspended due to a suspected partial failure of the cement job across the interval. Subsequently, a remedial cement job to restore the integrity of the Middle Midcox level reservoir has been completed successfully.

The forward plan once cement has cured is to perforate the upper portion of the Middle Midcox in the 11,250-11,420 interval. Open hole logs have shown this zone contains multiple gas-bearing zones, superior in quality and total thickness to the zone that tested 3.5 MMscfd. Based on the test results to date it is expected that once the testing of all zones is complete the total flow capability of the well will exceed pre-drill forecasts.

Whilst the zones tested below the Middle Wilcox did not achieve commercial production, the outcome of the latest testing has been very positive. The results have substantially upgraded the potential of further development wells in the shallower Wilcox group on both the 900 acre Hoffer B Prospect and adjacent leased locations where seismic indicates this section thickens significantly.

This provides the company with a potential multi well development opportunity, moving it a step closer to commercial production. Given the significantly lower costs involved in drilling these shallower wells, the economics of these wells remain extremely attractive.

The completion of the next stage of testing is expected to take another couple of weeks and results will be provided at the conclusion of the testing program.

**For further information contact:**

Peter Lansom  
Managing Director  
Galilee Energy Limited  
+61 (0) 7 3211 8555

[plansom@galilee-energy.com.au](mailto:plansom@galilee-energy.com.au)

**About Galilee**

Galilee's Board and management are focused on building and expanding its asset mix to create a mid-tier exploration and production company. Galilee has a clear plan to grow shareholder value and the capacity to execute.

- Strong Balance sheet
- Proven successful Board and Management
- New strategic direction

**Directors**

Chairman - David King  
Managing Director – Peter Lansom  
Executive Director – Paul Bilston  
Non-executive Director – Ray Shorrocks

**Shares**

Shares on issue – 152,140,466  
Top 20 holders – 55.32% \*  
Directors and Management – 7.23%

\*As at 17 April 2015