

Glenaras Gas Project – Pilot Production Update

9 October 2019

Highlights

- ❖ Measured gas flow from Glenaras Gas Project - currently 25-30 Mscfd in aggregate and steadily increasing.
- ❖ All five lateral wells are on continuous production and performing strongly.
- ❖ Water rates have declined significantly from their peak rates and are continuing to decline as we depressure the pilot area and gas production increases.
- ❖ Production will continue to be ramped up over the coming weeks to achieve full reservoir drawdown.

Galilee Energy Limited (ASX:GLL) (“Galilee”) is pleased to provide an update on the 100% owned and operated Glenaras multi-lateral pilot programme (“Pilot”) in the Galilee Basin, ATP 2019.

The pilot has continued to produce strongly over the past two weeks and the performance to date has provided several significant learnings about the coal reservoir. Prior to the drilling of the multi-lateral pilot, interpretation of well scanner logs and exploration corehole data suggested there was a dominant master cleat running north-west to south-east. This was the reason the initial wells, Glenaras 10L-14L, were all oriented perpendicular to this system, in order to maximise the cleat intersections. However, Glenaras 15L and 16L, which were drilled parallel to this system, have shown very strong performance and are similar in production quality to the other wells. In fact, Glenaras 15L is as productive as the best well in the field, Glenaras 12L. This provides confirmation that there is no strong directional permeability in the coal and that, in fact, the coal performance is quite uniform. This is an excellent outcome for the overall development of the field.

Glenaras 15L’s performance confirms strong productivity emanating from the north-west and helps to explain why the two-well Glenaras 10L and 12L pilot did not drain a larger area of coal. It also validates the decision to drill Glenaras 15L and 16L, as these wells will be crucial to adequately shield the pilot area. Due to Glenaras 15L’s high productivity, modifications were made to upgrade pump capacity to sufficiently draw down this well. This work was completed last week, and Glenaras 15L is now pumping at significantly higher capacity and the fluid level is coming down as a result.

Metered gas rates, measured via orifice plate meters at each well, are currently 25-30 Mscfd in aggregate, with gas rates continuing to increase as fluid levels in the wells are reduced further and more coal area is drawn down below the critical desorption pressure. Water production from the pilot has increased with the modifications to Glenaras 15L and the 5 wells are flowing approximately 6,700 BWPD in aggregate. This is well below the peak rates for the Pilot of 7,500 BWPD, indicating material depletion of the coal within the pilot area. All the wells are still seeing a steady decline in water rates now that the Glenaras 15L pump modifications have been made.

Galilee Managing Director Peter Lansom stated, “The pilot is progressing extremely well, and it is important to point out that the performance of the wells is very different to when we only had the Glenaras 10L and 12L wells on production. There is considerable gas surging as large gas pockets are building in the bottom open hole section of the wells. This was not experienced in the previous two-well pilot and is an encouraging sign that we are starting to extend the pressure drawdown out into the coal reservoir. The operations team is gaining experience in dealing with these gas surges which are causing large increases in instantaneous gas flows. I’m looking forward to seeing the increased drawdown of the coal and gas production ramping up over the ensuing months.”

The pilot will be on production for an extended period to de-water and lower the pressure in the surrounding coal to achieve a commercial gas flow.

Further operational updates will be provided to the market throughout this period.

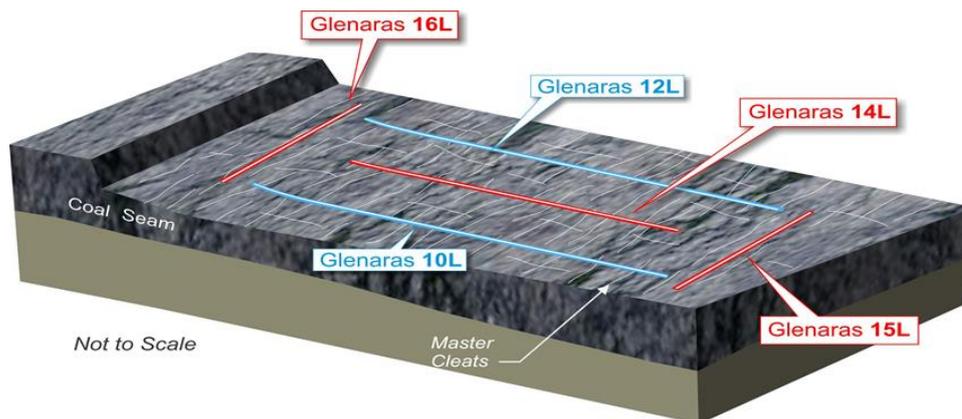


Figure 1 – Enhanced multi-lateral programme.

For further information contact:

Peter Lansom
Managing Director
Galilee Energy Limited
+61 (0) 7 3177 9970

plansom@galilee-energy.com.au

ACN:064 957 419

About Galilee

Galilee Energy is focused on creating a mid-tier exploration and production company building on its core strengths in coal seam gas appraisal and development. Its primary area of focus is Queensland where it is appraising the Galilee Basin and exploring in the Surat Basin whilst looking to add further high quality acreage to its portfolio.

Directors

Chairman – Ray Shorrocks

Managing Director – Peter Lansom

Non-Executive Director – Dr David King

Non-Executive Director – Stephen Kelemen

Non-Executive Director – Gordon Grieve