



Date: 24 June 2019

ASX Code: WEL

#### Directors

John Kopcheff  
Non-Executive Chairman

Neville Henry  
Managing Director

Peter Allchurch  
Non-Executive Director

Larry Liu  
Non-Executive Director

Lloyd Flint  
Company Secretary

#### Contact Details

**Australia**  
Level 3  
18 Richardson Street  
West Perth WA 6005  
Australia

PO Box 641  
West Perth WA 6872  
Australia

Tel: +61 1300 133 921  
Fax: +61(8) 6298 6191

**USA**  
Two Riverway  
17<sup>th</sup> Floor  
Suite 1700  
Houston Texas USA 77056

Tel: +1 713 333 0610

[winchesterenergytld.com](http://winchesterenergytld.com)

## Oil and Gas Production Following Successful Frack in Thomas 119-1H

### Highlights

- **US Energy Corporation of America (USEC) has executed a successful vertical frack within the Three Fingers Shale Member (TFS) of the Wolfcamp 'D' Formation in the Thomas 119-1H well**
- **USEC has reported that, after recovery of frack fluid, the well has been producing oil and gas over the last week at an average of 29 barrels of oil per day (bopd) and 450 thousand cubic feet of gas per day (mcfgd)**
- **Importantly, the TFS now represents a highly attractive target for horizontal drilling and fracture technologies that may hold the key to accessing moveable hydrocarbons in the TFS**
- **The TFS has been penetrated in multiple wells in Winchester's acreage but has not yet been tested, all wells drilled to date have found good oil and gas shows. Sidewall cores in White Hat 39#1 confirmed the fracture capability and oil potential of the TFS**
- **This result is highly significant given it has the potential to impact the value of Winchester's acreage given the Wolfcamp 'D' (TFS) extends across 17,000 acres of Winchester's lease position**
- **Winchester has the right to a 12.5% working interest (WI) back-in to Thomas 119-1H after USEC recovers all completion costs from the well from oil and gas revenues**

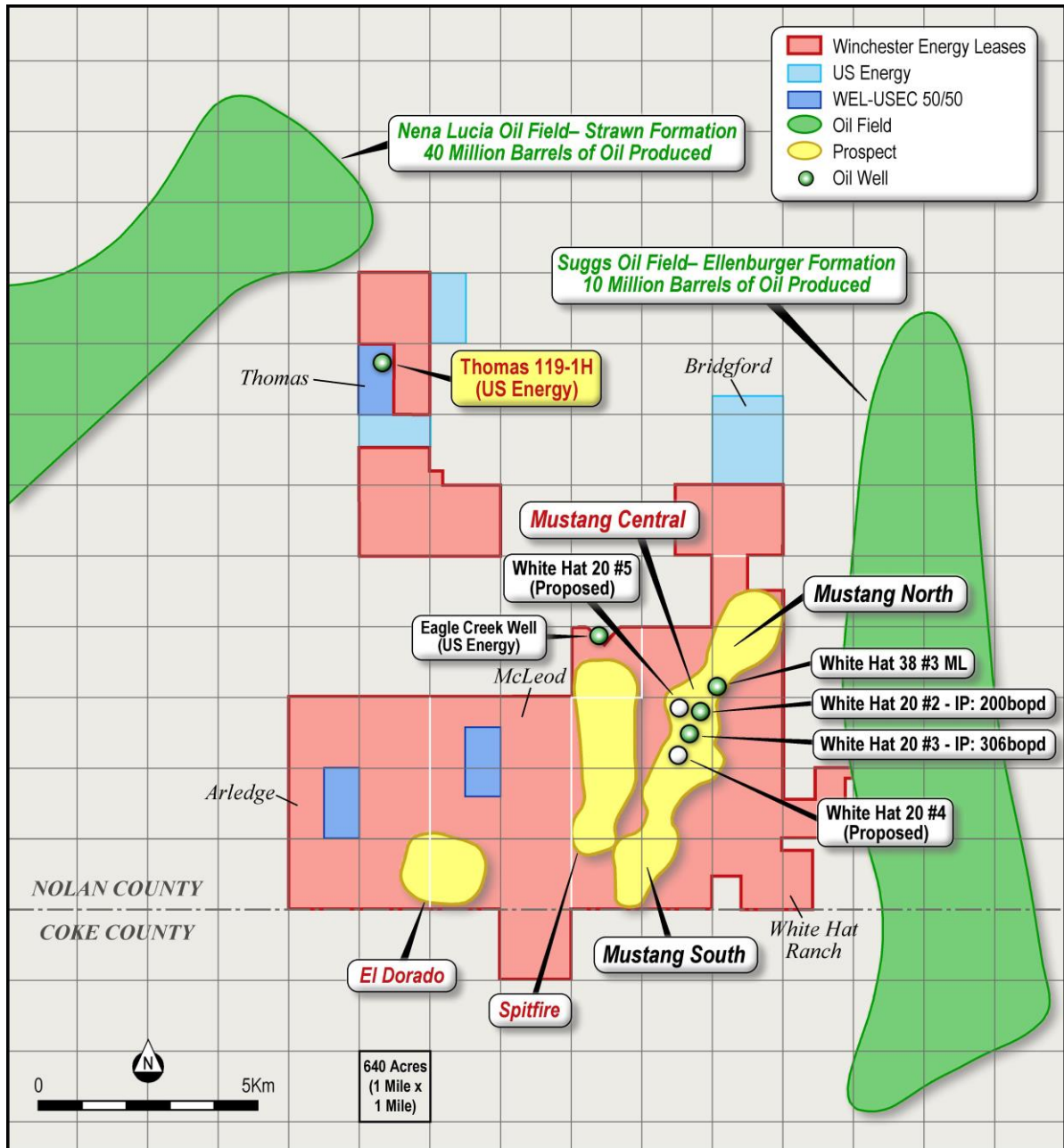
Winchester Energy Limited (ASX:WEL) (Winchester or the Company) has been advised by US Energy Corporation of America Inc (USEC) that they have successfully executed a frack within the vertical section of the Thomas 119-1H well and commenced production.

USEC, as operator, performed a slick water frack with over 500,000 pounds of sand targeting a 100ft section of the Three Fingers Shale Member (TFS) within the Wolfcamp 'D' Formation.

USEC immediately put the well on production and, after recovery of frack fluid and the resolution of some mechanical issues, the well has been producing oil and gas over the last week using a progressive cavity (PC) pump at an average of 29 barrels of oil per day (bopd), 450 thousand cubic feet of gas per day (mcfgd) and 65 barrels of water per day (bwpd).

The organic-rich TFS is approximately 100ft thick with several intervals of very high total organic carbon (TOC) evidenced by high gamma ray and high resistivity on electric logs. The zone is associated with oil and gas shows when drilled in the

Thomas 119-1H vertical section and wherever the interval has been penetrated in Winchester wells to date.



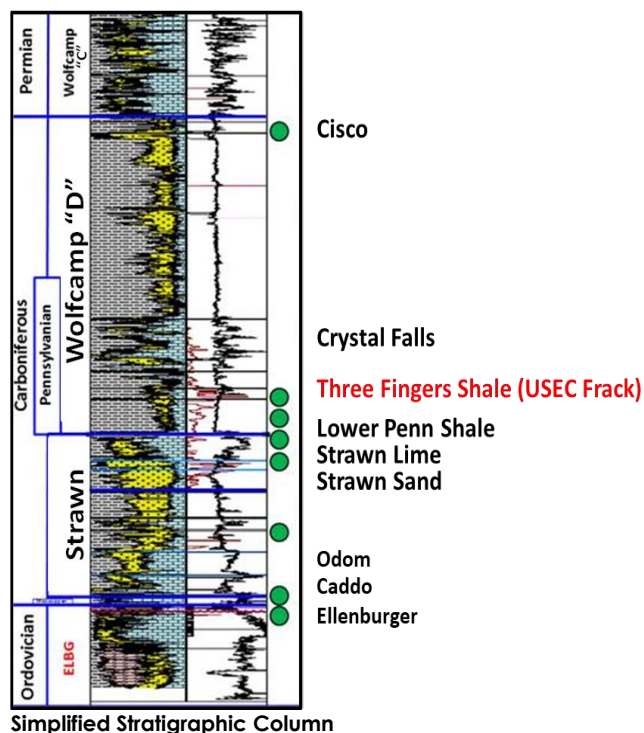
Location Map – Thomas 119-1H

The success at Thomas 119-1H has the potential to impact the value of Winchester's acreage given the Wolfcamp 'D' (TFS) extends across Winchester's entire 17,000 acre lease position. Importantly, the TFS now represents a highly attractive target for horizontal drilling and fracture technologies that may hold the key to accessing moveable hydrocarbons in the TFS. Winchester notes that approximately 40 miles to the south west of Winchester's

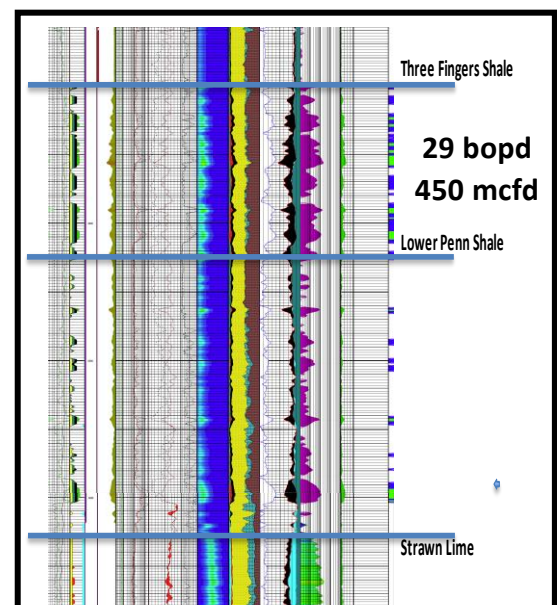
acreage, oil rates of up to 1,250 bopd have been reported in the past from horizontal fracked wells in the Wolfcamp 'D' Formation. Prior to Winchester acquiring the McLeod lease, Devon, a large US independent oil company, permitted a 5,000 ft horizontal well in 2014 which was never drilled.

The Wolfcamp 'D' shale is a known oil producing unit on the Eastern Shelf of the Permian Basin. The Wolfcamp shales in the Midland Basin portion of Texas' Permian Basin contain an estimated mean of 20 billion barrels of oil, 16 trillion cubic feet of associated natural gas, and 1.6 billion barrels of natural gas liquids, according to an assessment in November 2016 by the U.S. Geological Survey. This estimate is for unconventional oil, and consists of undiscovered, technically recoverable resources<sup>1</sup>.

The results of the vertical completion in Thomas 119-1H bore well for Winchester's acreage and future potential. Winchester will continue to monitor the production at Thomas 119-1H as the focus remains with the development of the conventional targets in the Strawn formation following recent success at the Mustang Prospect.



## Thomas 119-1H: Three Fingers Shale Analysis by Nutech



Neville Henry, Managing Director of Winchester commented:

'This is a positive outcome for USEC and Winchester – it is unusual to see this level of production from a vertical well, it is similar to, or exceeds, the early test results in shales before the development of current horizontal drilling and fracture technologies. We look

<sup>1</sup> <https://www.usgs.gov/news/usgs-estimates-20-billion-barrels-oil-texas-wolfcamp-shale-formation>



forward to future testing of the play and potential horizontal drilling by USEC as they proceed'.

#### **Background of Thomas 119-1H (WEL WI – 12.5% Back-in Right)**

USEC is a USA-based oil and gas exploration and production company focused on the Wolfcamp 'D' shale potential along the eastern shelf of the Permian Basin. USEC and Winchester share the Thomas and Bridgford leases with each company holding 100% of their respective leases and 50/50 in the Thomas 119-1H well. Winchester farmed-out its 50% interest in the Thomas 119-1H well and is carried by USEC through operations.

On the back of oil and gas production from Thomas 119-1H, Winchester has the right to a 12.5% WI back-in following the recovery by USEC of all costs associated with fracking and completion activities at Thomas 119-1H.

#### **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 17,000 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, 3D geophysical analysis, drilling and completion methods, a potentially significant proven reserves and oil production asset.

#### **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.*