

Deep Drilling commences at Varn Oil Field

Date: 24 October 2022

ASX Code: WEL

Capital Structure

Shares: 1,010,219,792
Current Share Price: 1.1c
Market Cap: \$11M
Debt: Nil

Directors

Doug Holland
Technical Director/Chief
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- Deep drilling has commenced at the Varn Oil Field
- Varn contains 2P Reserves of 1.06mmboe and is expected to contribute significantly to production in 2023

Winchester Energy Limited (ASX: WEL) ("Winchester" or "the Company") is pleased to provide an update on its field activities at the Varn Oil Field in Nolan County, Texas.

Following the drilling of four initial 300ft surface wells and installation of wellheads by a surface rig, Winchester has moved a larger rig onto the first Varn well, JVU#11WSW, and will extend it to a total depth of 4,900ft.

JVU#11WSW is the water supply well for the planned Varn Oil Field waterflood operation.

A total of 11 wells, comprising six producers and five injectors, are required for the planned waterflood of the Varn Oil Field.



Figure 1: Varn Oil Field - Drilling of JVU#11WSW to 4,900' TD

Overview - Varn Oil Field (100% WI)

Winchester has a 100% working interest in the Varn Oil Field, located 18 miles to the east of the Company's existing producing assets in Nolan County, Texas.

The Varn Oil Field contains existing Proven and Probable (2P) of 1,068,000 barrels of oil equivalent(boe¹) comprised of 994,000 barrels of oil and 442 thousand cubic feet of gas (mmcf) (Table 1). Production is to be derived from the Fry Sands (a sub-unit of the Strawn Sands) which, together with the Ellenburger Formation, is currently producing oil and gas at Winchester's Nolan County operations.

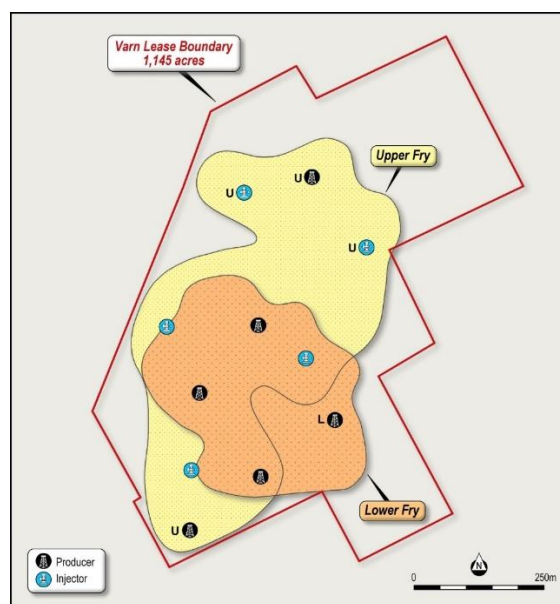


Figure 2 – Configuration of producer and injector wells at Varn

The majority of wells are planned for the central area where the Upper and Lower Fry Sand overlap while the rest of the wells capture oil from the more widespread Upper Fry Sand.

Table 1: Calculated Varn Oil Field Reserves - Mire Petroleum Consultants

Reserves	Product	1P – Proved Reserve	2P – Proved + Probable Reserve	3P – Proved + Probable + Possible Reserve
Upper and Lower Fry Sands	BO	415,000	994,000	1,680,000
	MCF	169,000	442,000	894,000
	BOE	443,000	1,068,000	1,829,000

BO – barrels of oil

BOE – barrel of oil equivalent¹

MCF – thousand cubic feet of gas

Calculated Reserves incorporate WEL's net revenue interest of 77%

Further ASX Listing Rule 5.31 Information (Notes to Reserves) related to these reserves is provided in the ASX release of 3 December 2021

¹ boe (barrels of oil equivalent) - gas quantities are converted to boe using 6,000 cubic feet of gas to one barrel of oil. The conversion ratio is based on energy equivalency and does not represent value equivalency. Estimates are rounded to the nearest boe.



Waterflooding is a secondary recovery technique which injects water into an oil reservoir in a downdip position. The water repressurises the field and provides energy to move unswept oil updip to crestal oil well producers.

Secondary oil recovery is extremely common, particularly in the US. In any given oil field, primary production accounts for the removal of 10-20% of all original oil in place (OOIP), secondary recovery (waterflooding) accounts for a further 10-20% recovery of OOIP whilst further oil is often recovered through tertiary recovery (enhanced oil recovery such as CO₂ injection)². An informative presentation produced by the University of North Dakota's Energy and Environmental Research Centre (EERC) entitled "The Phases of Oil Recovery – So Far" can be viewed at <https://www.youtube.com/watch?v=kxBqKY36h7M>.

-ENDS-

This announcement has been authorised for release by the Board.

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About Winchester Energy Ltd (ASX Code: WEL)

Winchester Energy Ltd (ASX: WEL) is an Australian ASX-listed oil and gas explorer and producer 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 and has recently acquired the Varn Oil Field which comprises Proven and Probable Reserves (2P) of 1.068 million barrels of oil equivalent (mmbobe) – comprised of over 93% oil (See ASX release of 3 December 2021).

Competent Persons Statement

The information in this report is based on information compiled or reviewed by Mr Keith Martens, consulting geologist/geophysicist to Winchester Energy. Mr Martens is a qualified petroleum geologist/geophysicist with over 45 years of Australian, North American and other international executive petroleum experience in both onshore and offshore environments. He has extensive experience of petroleum exploration, appraisal, strategy development and reserve/resource estimation. Mr Martens has a BSc. (Dual Major) in geology and geophysics from The University of British Columbia, Vancouver, Canada.

² Energy and Environmental Research Centre (EERC) - Primary, secondary, and tertiary oil recovery (using pressure, water, and CO₂). North Dakota University.