
Orion Project Joint Venture

Thelma Well Update – Production, Sales and New Acreage

Perth, Western Australia – 13 January 2021 – **Brookside Energy Limited** (ASX: BRK) (**Brookside**) and **Stonehorse Energy Limited** (ASX: SHE) (**Stonehorse**) (the **Companies**) are pleased to provide an update on production, sales and additional acreage acquisition for the Thelma 12-1 well (the **Thelma Well**), located in the SCOOP Play, northeast of Brookside’s SWISH Area of Interest (**SWISH AOI**).

HIGHLIGHTS

- The Thelma Well was successfully brought on production with an initial production (IP) rate of 130 barrels of oil per day (**BOPD**). Production optimisation is ongoing with daily production expected to stabilise at a long-term optimal volume of approximately 30 BOPD.
- The first load of oil of 313 barrels was sold on 30 December 2020. A second, similar sized load of oil, is expected to be sold in the third week of January 2021.
- Additional behind pipe potential remains in the Thelma 12-1 well with numerous formations, all proven producers in the area, still to be tested.
- An additional 40 “held by production” (HBP) acres contiguous to the Thelma acreage have been acquired by the Orion Project Joint Venture (the **Joint Venture**).
- The additional acreage gives the Joint Venture the option to drill a low-cost vertical well with access to 7 known potential reservoirs all of which are proven producers in the area.
- The Joint Venture has now established a new Area of Interest (**AOI**), the **Bradbury Prospect**, to complement Brookside’s SWISH AOI.

Commenting on the announcement, Brookside Managing Director, David Prentice said:

“This is a cracking start to 2021 for Brookside, the Joint Venture and the Black Mesa team. To identify this new behind pipe discovery and to bring it into production and then to sales safely and efficiently is a credit to the whole team.

“It is also very pleasing to have some early success in expanding our position in the Bradbury Prospect AOI and we look forward to scaling up this new initiative and adding to our already impressive portfolio of low-risk high return projects across the Anadarko Basin”.

Stonehorse Managing Director, David Deloub said:

“A fantastic result delivered by the Black Mesa team on behalf of Stonehorse. We are particularly excited by the establishment of a potential new pipeline of low-cost vertical oil wells which, in conjunction with a strengthening oil price is expected to deliver significant future cash flows to the Company going forward”

The Thelma Well was successfully brought on to production with an initial daily production rate of 130 barrels with low water cut and minor associated gas. Production optimisation is ongoing by the Black Mesa team who are on location at the Thelma 12-1 well site in Oklahoma. Early analysis indicates that an optimal daily production rate of approximately 30 barrels will be achieved resulting in the best balance between production rate (and associated revenue stream), efficient and safe reservoir performance and maximum oil recovery.

Sales from the Thelma Well commenced on 30 December 2020 with an initial load of 313 barrels of oil. It is estimated that a second similar sized load of oil will be sold in the third week of January 2021. Oil sales commenced in a strengthening oil price market which has continued to appreciate in the new year.

The success of the workover, perforation, clean-up, and production from one of the numerous identified “behind pipe” zones of interest in the Thelma Well has provided the team with confidence in the ability to recover additional volumes from the remaining identified zones.

Capitalising on the success of the Thelma Well the Joint Venture has acquired an additional 40 “held by production” (HBP) acres contiguous to the Thelma acreage. **The additional acreage gives the Joint Venture the option to drill a low-cost vertical well with access to 7 known potential reservoirs all of which are proven producers in the area.** Furthermore, future analysis has the potential to identify other potential producing formations at depth.

Successful restoration of commercial production in the Thelma Well has established a new Area of Interest in the SCOOP Play, the Bradbury Prospect, complementing Brookside’s existing SWISH AOI.

The Thelma Well, which is located in Murray County, Oklahoma was drilled and completed in 1992 as a vertical well targeting the Simpson Group sands and was spaced on a 40-acre drilling spacing unit (DSU). The new zone of production is located at depth of approximately 5,787 feet. The well is located approximately 20 miles east-northeast of Brookside Energy’s Jewell DSU in the SWISH AOI, an area that has exhibited high oil production per unit with multiple discrete high porosity high permeability target zones.

– ENDS –

This announcement has been authorised for release by the Boards of Directors of Brookside Energy Limited and Stonehorse Energy Limited.

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About Brookside Energy Limited

Brookside Energy is a Perth-based ASX listed company that generates shareholder value by developing oil and gas plays in the United States, specifically the Anadarko Basin in Oklahoma. The Anadarko Basin is a proven Tier One oil and gas development province with significant existing oil and gas gathering and transportation infrastructure, a competitive and highly experienced oil and gas service sector, and a favourable regulatory environment. Brookside is executing a "Real Estate Development" approach to acquiring prospective acreage in the Anadarko Basin and adding value to it by consolidating leases and proving up oil and gas reserves. The Company then has the option of selling the revalued acreage or maintaining a producing interest. The Company is now set to scale-up its activities and asset base significantly with its operated- interests in the SWISH AOI.

Web <http://brookside-energy.com.au>

About Stonehorse Energy Limited

Stonehorse Energy is a Perth-based ASX listed oil and gas exploration and production company which currently has working interests in a number of producing oil and gas assets located in Oklahoma and Texas in the United States. The Company's overall objective is to be cashflow accretive by building a portfolio of working interests in high quality producing assets delivering a return on investment to its shareholders reflecting risk appetite and capital availability.

Web <http://www.stonehorseenergy.com>

About Black Mesa Energy, LLC

Black Mesa Energy LLC, a Brookside Energy Limited controlled subsidiary, is a Tulsa-based oil & gas exploration and production company focused on profitable development of petroleum properties located in the Mid-Continent oil province of the United States. Our lean and highly specialized technical and operations team is committed to providing attractive returns for our investors and shareholders by generating and drilling high quality oil and gas prospects. The founders of Black Mesa have worked together for over 30 years at companies they previously founded, including Medallion Petroleum, InterCoast Energy and Brighton Energy. Over the course of their careers, the Black Mesa team has drilled hundreds of horizontal wells and thousands of vertical wells in numerous mid-continent oil and gas basins. In addition to the financial backing from the Black Mesa shareholders, Black Mesa partners with outside investors on larger-scale projects by offering non-operated direct working interest participation.

Web <http://www.blkmesa.com>

GLOSSARY

APO WI	After pay out working interest
AFIT	After Federal Income Tax
AOI	Area of Interest
BFIT	Before Federal Income Tax
BOE	Barrels of Oil Equivalent
COPAS	Council of Petroleum Accountants Societies
Development Unit or DSU	Development Unit or drilling spacing unit is the geographical area in which an initial oil and/or gas well is drilled and produced from the geological formation listed in a spacing order. The spacing unit communitizes all interest owners for the purpose of sharing in production from oil and/or gas wells in the unit. A spacing order establishes the size of the unit; names the formations included in the unit; divides the ownership of the unit for the formations into the "royalty interest" and the "working interest"; Only one well can be drilled and completed in each common source of supply. Additional wells may be drilled in a Development Unit, but only after an Increased Density Order is issued by the Oklahoma Corporation Commission.
Mboe	1,000 barrels of oil equivalent
Mcf	1,000 cubic feet
MMboe	1,000,000 barrel of oil equivalent
NPV ₁₀	The net present value of future net revenue, before income taxes and using a discount rate of 10%.
NRI	Net Revenue Interest
PDP	Proved Developed Producing Reserves
Pooling Agreements	The pooling agreements facilitate the development of oil and gas wells and drilling units. These binding pooling agreements are between the Company and the operators as specified in Appendix 1.
PUD	Proved Undeveloped Reserves
Reserve Categories	These reserve categories are totalled up by the measures 1P, 2P, and 3P, which are inclusive of all reserve types: <ul style="list-style-type: none"> • "1P reserves" = proven reserves (both proved developed reserves + proved undeveloped reserves). • "2P reserves" = 1P (proven reserves) + probable reserves, hence "proved AND probable." • "3P reserves" = the sum of 2P (proven reserves + probable reserves) + possible reserves, all 3Ps "proven AND probable AND possible."
STACK	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
SCOOP	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
SWISH AOI	Description of Brookside's Area of Interest in the SCOOP Play
Working Interest	Percentage of ownership in a lease granting its owner the right to explore, drill and produce oil and gas from a tract of property. Working interest owners are obligated to pay a corresponding percentage of the cost of leasing, drilling, producing and operating a well or unit