

New 5,000 – 7,000 acre Bonus Sands Play Identified

HIGHLIGHTS

Bonus Sands Play

- Initial plans have been finalized for a potentially transformational test of the 'Bonus Sands' unit within the Three Fingers Shale of the previously drilled White Hat 3801 well.
- The exciting Bonus Sands play comprises a 60 feet gross interval of porous sand laminations that covers 5,000 – 7,000 acres of Winchester Energy lease holdings.
- All up cost is expected to be less than US\$150,000.
- Several other existing wells are also candidates for re-entry across the Bonus Sands play should it prove successful.

Ongoing Activities

- Existing oil well White Hat 2004, drilled in late 2019, has been re-entered to test two sand units in the upper Cisco Sand. Results pending.
- White Hat 3902, drilled in December 2019 and shut-in during the recent oil price collapse, has been placed back online, producing 45 bopd in its first full day of production.

Winchester Energy Limited (Winchester), as operator, is pleased to provide an update on re-entry and re-completion activities across its 18,400 acre leasehold position in the Permian Basin, Texas.

Bonus Sands Play – White Hat 3801 (50% working interest)

Winchester has completed the initial frac and completion design for the Three Finger Shale in the White Hat 3801 well. White Hat 3801 was drilled in 2016 by Carl E Gungoll Exploration LLC (CEGX) and originally targeted the Ellenburger formation.

Based on Formation Imaging logs, mudlog data and sample analyses the Three Fingers Shale contains a series of thin sandstones and sand laminations (Bonus Sands) within a gross interval of 60 feet. Importantly, the detailed log interpretation reveals that three porous 'sands' of this unit may have been obscured by the hot shale and therefore not recognised by previous operators.

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ASX Code: WEL

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The Bonus Sands play is potentially transformational for Winchester as mapping indicates that the Bonus Sands may have a lateral extent of up to 5,000 – 7,000 acres across Winchester’s existing lease position. It is anticipated that the sand laminations will potentially provide commercial production in vertical wells rather than the more expensive horizontal drilling technique.

Further, the Bonus Sands have been identified as representing potential behind-pipe pay in several existing Winchester-controlled oil wells opening the prospect for a lucrative relatively inexpensive re-entry and frac program should the play prove successful.

Winchester will be performing a high rate (60 – 70 barrels per minute) slick water frac using 4,000 barrels of water to place 100,000 pounds of total proppant in the formation. Due to current greatly reduced service prices as a function of the downturn, the entire operation is expected to cost less than US\$150,000. Work is expected to commence in October/November 2020.

Winchester is currently negotiating to become operator and assume a 100% working interest (WI) in the well (at present CEGX has the right to participate up to 50% WI).

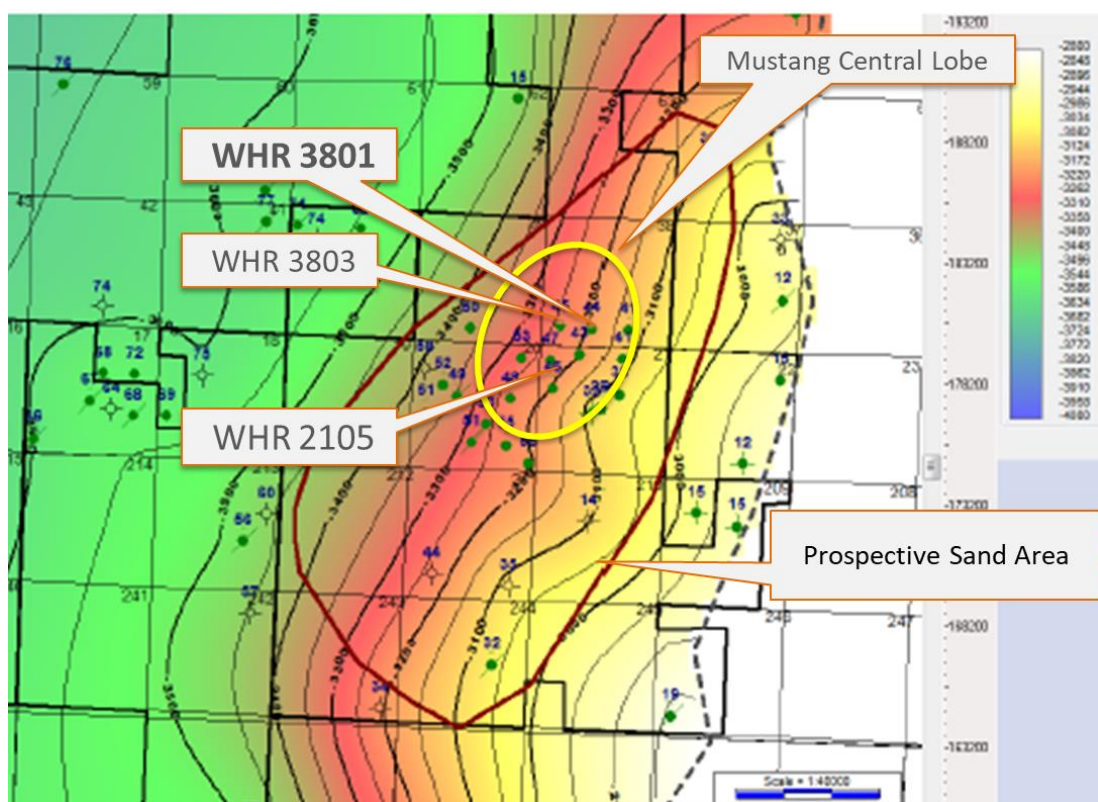


Figure 1: Depth Structure Map – Three Fingers Shale (Bonus Sand)

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White Hat 2004 (100% working interest and operator)

A workover rig has now moved onto the White Hat 2004 well which was drilled by Winchester in late 2019 targeting the Strawn Fry Sand Member (Fry Sand) within the Company's Mustang Oil Field.

The program will test two sand units in the upper Cisco Sands. This follows a detailed review of wireline logs which has indicated the presence of potential oil-bearing Cisco sand in the well.

The Cisco Sands have been a significant oil producer in the region with Winchester also currently producing oil from this interval in its Arledge 1602 well.

White Hat 3902 (50% working interest and operator)

White Hat 3902 was successfully drilled in December 2019 and completed in the Fry Sand. It was shut-in during the recent oil price collapse, but has now been brought back on-line, producing 45 barrels of oil per day (bopd) in its first full day of production. Production will be monitored with a re-frac of the Fry Sand to increase production under consideration along with a possible completion in the upper Ellenburger zone (identified as potentially productive when drilled).

Oil sales from White Hat 3902 have commenced. The location is in the process of being hooked up to electricity supplied by the local utility, greatly reducing operating costs.

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 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 17,560 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 has discovered new oil fields and identified several prospects across its leasehold. It is currently undertaking development work at the newly discovered Mustang Oil Field.

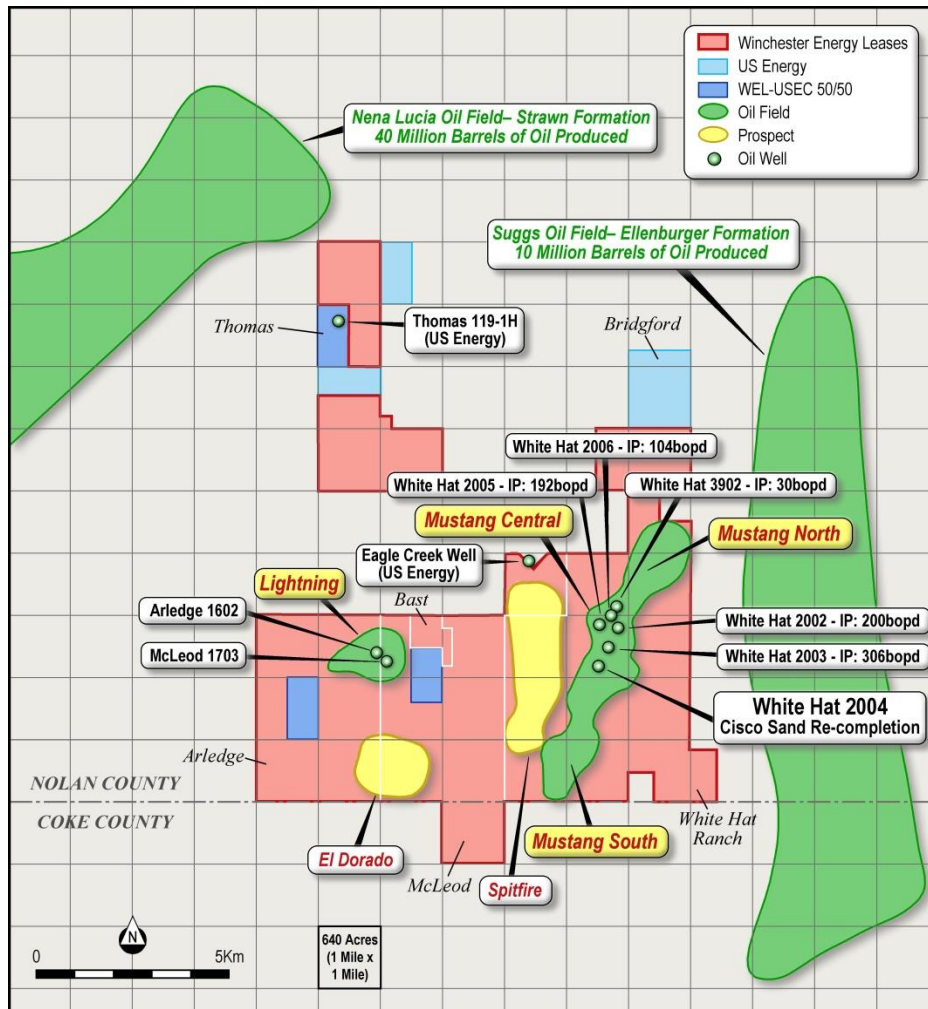


Figure 2: Winchester Lease Map - Location of White Hat 2004 and 3902

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

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