

Wombat-5 Well, Gippsland Basin, Victoria

Drilling Summary Showing Excellent Gas Shows

The Board of Lakes Blue Energy is pleased to provide the following summary of the excellent gas shows and drilling outcomes at the Wombat-5 appraisal well. The cross section on page 2 below summarises the Wombat-5 well path with the gas log (in red above the well path) and Gamma Ray data ("GR", in brown below the well path, reverse scale with low gamma indicative of sand) imposed along the horizontal well section through the top of the gas saturated Strzelecki Formation reservoir.

The 7" casing shoe was set approximately 30 meters vertically into the Strzelecki Formation, at a measured depth of 1,549 mRT¹, beneath an unstable zone at the top of the Strzelecki that has been observed in past drilling. From the 7" casing shoe, the well was drilled near-horizontally for approximately 1,500 metres through the Strzelecki Formation, encountering three significant sand intervals with good porosity and very high gas content in those intervals.

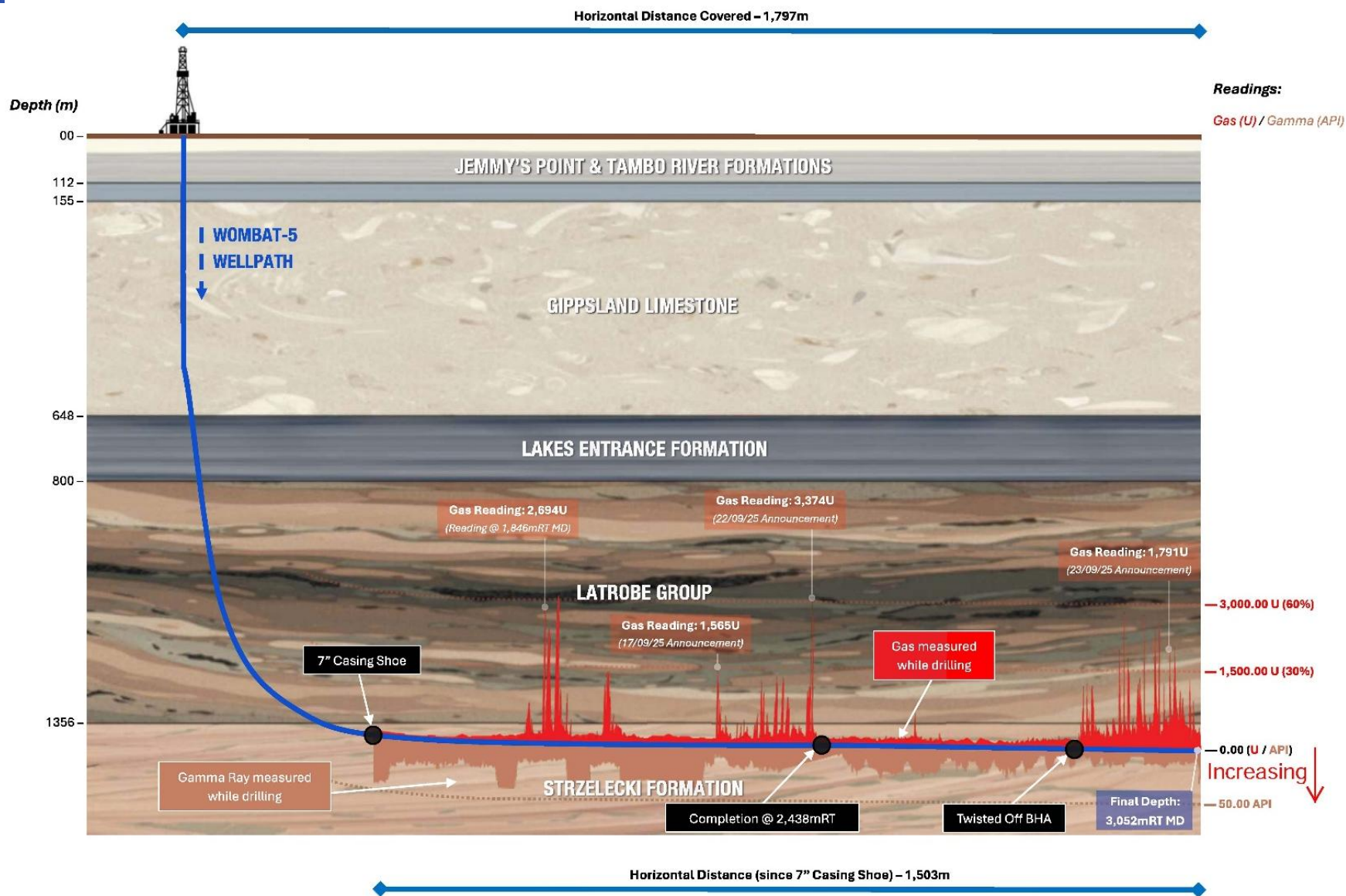
Gas concentrations measured while drilling are illustrated in red in the figure below, with the peaks representing high gas content. The zones with high gas content were coincident with good quality reservoir sands. Reservoir quality is determined while drilling by measuring the natural radiation of the formation being drilled (represented by the Gamma Ray plot on the figure below). The Gamma Ray measurement allows different rock types (like shales, clays or sandstones) to be identified with low gamma readings correlating to good sands.

The first and third high gas intervals were located in close proximity to the historic Wombat-2 and Wombat-3 vertical wells, and correlate to sand packages, previously identified in those wells, which both flowed gas. As the Wombat-5 well was drilled over 100 metres laterally from the historic wells, this correlation is indicative of the extent of productive sand packages and their prospectivity.

The second (middle) high gas interval is a new discovery. It is encouraging as it confirms Lakes' view that the Strzelecki Formation is gas saturated with multiple sand zones that could contribute to achieving commercial gas flows.

The 4-1/2" swellable packer completion, completed to 2,438 mRT, was utilised to fully case the well without need for cementing of the casing. The avoidance of cementing reduces potential formation damage and ensures all of the gas sands can produce into the wellbore.

The lost Bottom Hole Assembly (BHA), left in the hole at approximately 2,800 mRT, and a previously unidentified, suspected fault zone at 2,450 mRT prevented the 4-1/2" completion from being run all of the way to total depth of 3,052 mRT. Lakes anticipates the lower gas interval should contribute to overall gas production provided gas flows past the stuck BHA past or through the corridor opened up by drilling mud returns. Overall, 2,438 metres of the Wombat-5 well is cased, with the lower 614 meters being referred to as a 'barefoot completion'.



The sand packages encountered during drilling appear to be high quality and substantial flows are expected. As previously noted, the Wombat Gas Field is close to third party infrastructure and contains gas of high quality, thereby minimising processing and delivery costs in the event of a development.

Lakes Chair Roland Sleeman noted:

"Lakes Blue Energy is pleased with the outcome of the Wombat-5 drilling program, with expectations regarding gas content and reservoir quality having been realised. Lakes is finalising arrangements for commencement of production testing activities on 10 November and envisages that, provided production testing is successful, a resource re-evaluation and project feasibility study will commence in December. A Wombat Trifon Gangell field development plan will then be formulated to bring this vital gas resource to market to help resolve east coast gas shortages and transform Lakes into a producer."

This announcement was authorised by the Board of Lakes Blue Energy.

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1. mRT means metres below the rotary table, effectively metres below the drilling rig floor.
2. mmscfd is a gas flow measurement and means million standard feet per day.