

## **STONEHORSE ENERGY ADDS TO ITS EXISTING US WELL BORE INVESTMENTS.**

**Perth, Western Australia – 24<sup>th</sup> October 2019.** Stonehorse Energy Limited (ASX:SHE) (Stonehorse or the **Company**) is pleased to announce that it has reached agreement with Brookside Energy Limited (Brookside) (ASX: BRK) to step into a Working Interest in both the Bullard and Henry Federal Wells located in the Anadarko Basin in Oklahoma.

### **Highlights**

- ◇ **The Company has exercised its right to step-in to a Working Interest in the Bullard #1-18-07-UWH and the Henry Federal #1-8-5XH wells.**
- ◇ **Both of these wells have now been successfully drilled and completed and turned to sales.**
- ◇ **The more recently completed Henry Federal 1-8-5XH delivered an initial production rate (IP24) of 1,319 Boe per day (65% oil)<sup>1</sup>.**
- ◇ **These investments are expected to materially increase the Company's future cashflows from its working interest in the wells.**
- ◇ **The investments in these wells is consistent with the Company's long-term strategy of building a portfolio of cash generating oil and gas assets with Working Interests reflecting risk appetite and capital availability.**

**Commenting on the investments, Stonehorse's Executive Director David Deloub said;** "the Company's future net cashflows will be maximised through this low cost investment model underpinned by the back-in after pay-out arrangement with a first class technical group, Black Mesa Energy. This arrangement with Black Mesa provides Stonehorse with a significant operational and financial advantage compared to its ASX listed peers that are operating in this sector, with Black Mesa incentivised to identify and offer only high quality step-in opportunities that are forecast to pay-out quickly."

### **Background**

The overall objective of the Company is to implement its strategy of adopting a flexible approach to building a portfolio of high quality well bore assets with Working Interest percentages reflecting risk appetite and capital availability underpinned by the Step-in Agreement with Brookside.

The Step-in Agreement provides the Company with access to a pipeline of well bore opportunities in the Anadarko Basin, including the potential to participate in non-operated wells in the core of the STACK Play and higher-impact wells in the emerging and highly sought after Sycamore-Woodford trend in the SCOOP Play.

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<sup>1</sup> Stonehorse will have a 2.3% Working Interest in this extended lateral horizontal well that is producing from the Meramec formation at a depth of approximately 11,200 feet. Initial production (IP24) of 1,319 barrels of oil equivalent per day (65% oil) was reported for this well, comprising 861 barrels of oil and 2,747 Mcf gas. These rates were achieved via natural flow through a 38/64-inch choke.



It was also noted in the Company's Prospectus dated 19<sup>TH</sup> November 2018 (**Prospectus**), that the "results obtained from exploration and evaluation programs may lead to increased or decreased levels of expenditure on certain projects reflecting a change in emphasis" and that "intervening events have the potential to affect the manner in which funds are ultimately applied".

The Company's Prospectus, included the opportunity to step-in to a number of well bore investments (**Proposed Assets**), including the Bullard #1-18-07-UWH well and the Henry Federal # 1-8-5XH well located in the SCOOP and STACK Plays respectively.

## ANADARKO BASIN, OKLAHOMA OIL AND GAS PLAYS

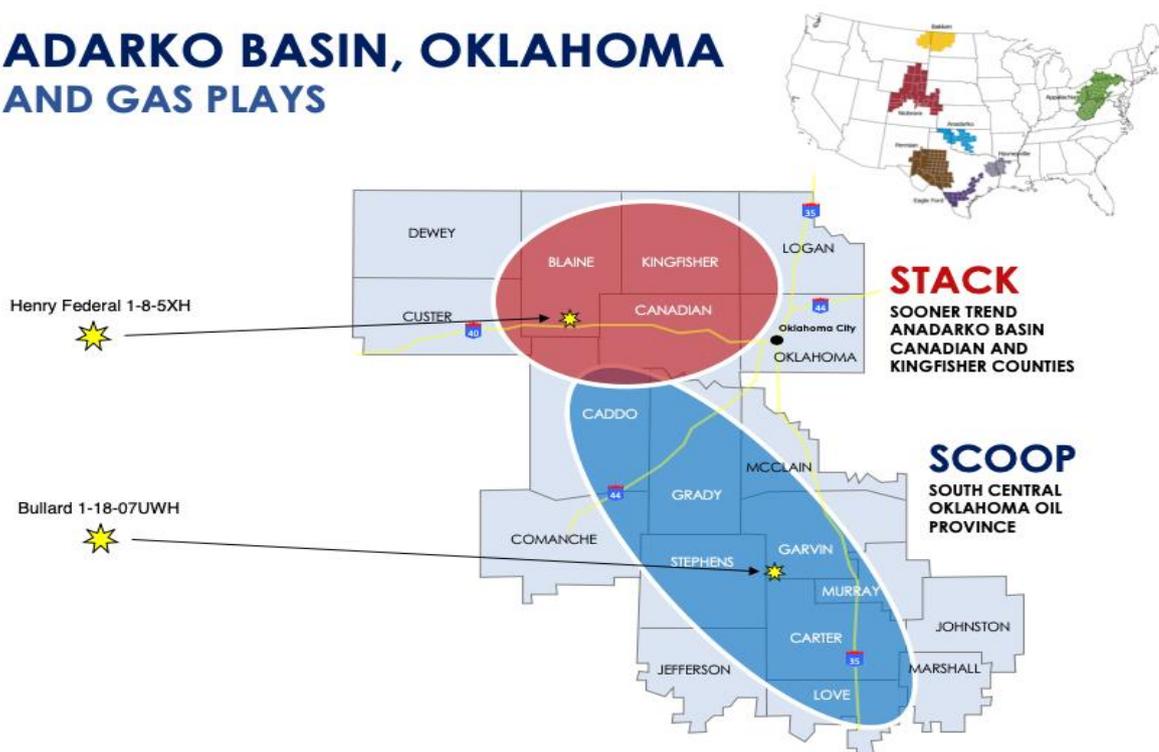


Figure 1. Map of the Bullard and Henry Federal well locations.

The following table provides a summary of the horizontal wells the company has recently elected to step-into Working Interests.

Name	Bullard #1-18-07-UWH	Henry Federal #1-8-5XH
Location	Carter County, OK	Blaine County, OK
Formation	SCOOP Play -Woodford Shale	STACK Play – Meramec
Operator	Rimrock Resources.	Continental Resources
Working Interest	15.61%	2.30%
Status	Producing	Producing
Total Investment	~US\$970,888	~US\$179,500

### The Bullard #1-18-07-UWH Well

Under the terms of the Step-in arrangement, Stonehorse currently has the option to step-into up to 20.81% Working Interest in this well located in the southern SCOOP Play in the Anadarko Basin. Whilst Stonehorse's has initially opted to step-into a 15.61% Working Interest in the Bullard well, the Company retains the right to step-into an additional 5.5%. The company intends to review this opportunity to increase its working interest at a later date with any subsequent increase dependent on near term well performance and capital availability.



### **The Henry Federal #1-8-5XH**

Under the terms of the Step-in arrangement, Stonehorse currently has the option to step-into up to a 7.27% working interest in this well located in the southern STACK Play in the Anadarko Basin. Whilst Stonehorse's has initially opted to step-into 2.30% Working Interest in the Henry Federal well, the Company retains the right to step-into an additional 4.97%. The company intends to review this opportunity to increase its working interest at a later date with any subsequent increase dependent on near term well performance and capital availability.

Initial production (IP24) of 1,319 Boe per day (65% oil) has been reported for this well. These initial results are very encouraging and Stonehorse looks forward to providing additional data and sustained production results this quarter.

**- ENDS -**

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## Forward-Looking Statements and Other Disclaimers

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## GLOSSARY

<b>BOE</b>	Barrels of Oil Equivalent
<b>STACK</b>	Sooner Trend Anadarko Basin Canadian and Kingfisher Counties – oil and gas play in the Anadarko Basin Oklahoma
<b>SCOOP</b>	South Central Oklahoma Oil Province - oil and gas play in the Anadarko Basin Oklahoma
<b>SWISH AOI</b>	Description of Brookside's Area of Interest in the SCOOP Play
<b>Working Interest</b>	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
<b>IP24</b>	Initial Production Rate, measured over a 24-hour period