

## Glenaras Gas Pilot – Operations Update

27 January 2022

- All wells online and on continuous production with no significant pump downtime with the exception of Glenaras 21 (G21) which shutdown yesterday.
- G21 shut down was due to a surface facilities issue, not downhole pump failure, and it should be back up and pumping next week.
- Direct pressure measurements at Glenaras 14 indicate that reservoir pressure is down to the lowest level observed to date confirming the entire Betts Creek Coals are successfully being de-pressured. This is the first step in unlocking significant gas reserves in multiple coal seams across a large area of the Glenaras field.
- Total pilot water production has declined from a peak of 19,300 BWPD to ~17,500 BWPD, which is consistent with the decline in reservoir pressure observed.
- Notably the decline in water rate would support modest localised gas desorption from the coals.
- Following years of continued pumping, the Glenaras Pilot is at a critical inflection point which should result in increasing gas rates as it starts to transition through the desorption process.

Further to the operational update released to the ASX on 9<sup>th</sup> December 2021, Galilee Energy Limited (ASX:GLL) is pleased to provide an update on the 100% owned and operated Glenaras multi-well pilot programme (“Pilot”) in the Galilee Basin ATP 2019 (Figure 1).

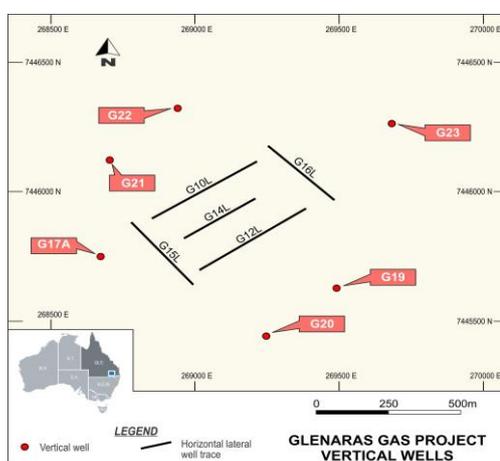


Figure 1 - Pilot well locations

With the exception of G21 which tripped yesterday, all pumps have been back online continuously (other than 2 minor well shutdowns) since the last workovers, with water production gradually restored to a peak rate of 19,300 BWPD in mid-December 2021. Water production prior to G21 shutting down was around 17,500 BWPD representing a 9% decline since the mid December peak. G21 shut down was due to a surface facilities issue, not downhole pump failure, and it should be back up and pumping next week.



Workover operations at Glenaras 17

The reduction in water rates is associated with a reduction in reservoir pressure and the onset of modest gas desorption, although this does not necessarily translate to simultaneous increased gas production which is often delayed, particularly in low rank coals, requiring sustained pressure reduction over time. The challenge going forward is to expedite this process in the most cost-effective manner.

Notably direct pressure measurements at Glenaras 14 indicate that the reservoir pressure is down to the lowest level observed to date, further confirming the entire Betts Creek Coals are being depressured, which given we can see pressure depletion in coals as far as 7 kms from the central Pilot area (ASX release 24 June 2021), augurs well for a maiden reserve booking across a significant area of the Glenaras field.

**Galilee's Managing Director & CEO, David Casey** said *"Having now had time to review the reservoir and operational challenges past and present, it is clear that the Glenaras Pilot is at an exciting inflection point for gas production, not unlike other successful CSG fields in Australia after years of continued pumping.*

*While the sustained pump performance and observed pressure reduction at Glenaras 14 is very encouraging, one of the key questions of the past has been the reliability of critical desorption pressure estimates and production modelling. However, I'm pleased to say that some recent clever work by the Galilee team in using coal samples collected during the recent pump replacements to prepare new desorption isotherms has successfully answered these questions and confirmed the gas saturations to be at commercial levels.*

*Therefore, notwithstanding the Glenaras coals are undersaturated, it is clear that with very low residual gas contents (gas that can't be produced), and new isotherm data that confirms the previous production modelling to be robust, I am firmly of the view that a concerted effort to achieve what is anticipated to be commercial gas production rates is definitely justified, particularly when considering the value and size of the prize of a 100% owned multi-TCF gas resource on the east coast."*

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**About Galilee**

Galilee Energy is focused on creating a high value exploration and production company building on its core strengths in coal seam gas appraisal and development. Its primary area of focus is Queensland where it is appraising the Galilee Basin and exploring in the Surat and Bowen Basins whilst looking to add further high quality acreage to its portfolio.

This announcement was released with the authority of the Board.

**Directors**

Chairman – Ray Shorrocks

Managing Director – David Casey

Non-Executive Director – Stephen Kelemen

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