

01 June 2023

## DEVELOPMENT UNDER WAY ON THE HALF MOON PROSPECT WITH DRILLING TO COMMENCE IN JUNE

Black Mountain Energy Ltd (the Company; ASX: BME) is participating in the drilling of a well in the Permian Basin on its Half Moon Prospect.

- Manzano Energy's proposal to form a Working Interest Unit (WIU) and drill a first well has been accepted.
- The project will commence in early June with first production anticipated in approximately 90 days.
- The well is designed to appraise the 3<sup>rd</sup> Bone Spring (3BS) interval with a 1.75 mile (~2.8 km) horizontal lateral.
- BME's working interest is 11.7% following pooling with Manzano Energy.
- 3BS wells in the greater area are forecasted to produce on average 439,000 bbls of oil and 1.9 bcf of gas plus natural gas liquids (NGLs)<sup>1</sup>.
- Multiple drilling locations are thought to exist on the acreage and the data from the first well will help characterize a full field development plan (FDP).
- The Company is interested in quickly monetizing the prospect since it first announced acquiring the asset only 4 months ago.

### HALF MOON PROSPECT

The Manzano well proposal has been carefully reviewed and aligns with the Company's plans for the area. Technical workflows have concluded, and the Company believes that there is an opportunity to develop the 3<sup>rd</sup> Bone Spring (3BS) interval with horizontal drilling and fracture stimulation technology. *See figure 1.*

BME along with its partners will form a 3,538-acre Working Interest Unit (WIU) in 19S-26E and 20S-26E. The unit will include 416 acres from BME.



*Figure 1: Typical Drilling Rig in the Permian Basin of Texas from Black Mountain Oil & Gas*

See Figure 2. Manzano will commence drilling this June (well name is MIA 64 FEE 2H). The project is estimated to cost \$12.3 million USD (gross) to drill, fracture stimulate, complete and tie-in. The Company’s working interest is 11.7% or approximately \$1.44 million USD.

## AREA ACTIVITY

Area operators have begun routinely targeting the channel margin with success. Figure 2 shows 3<sup>rd</sup> Bone Spring area activity relative to the Company’s acreage position.

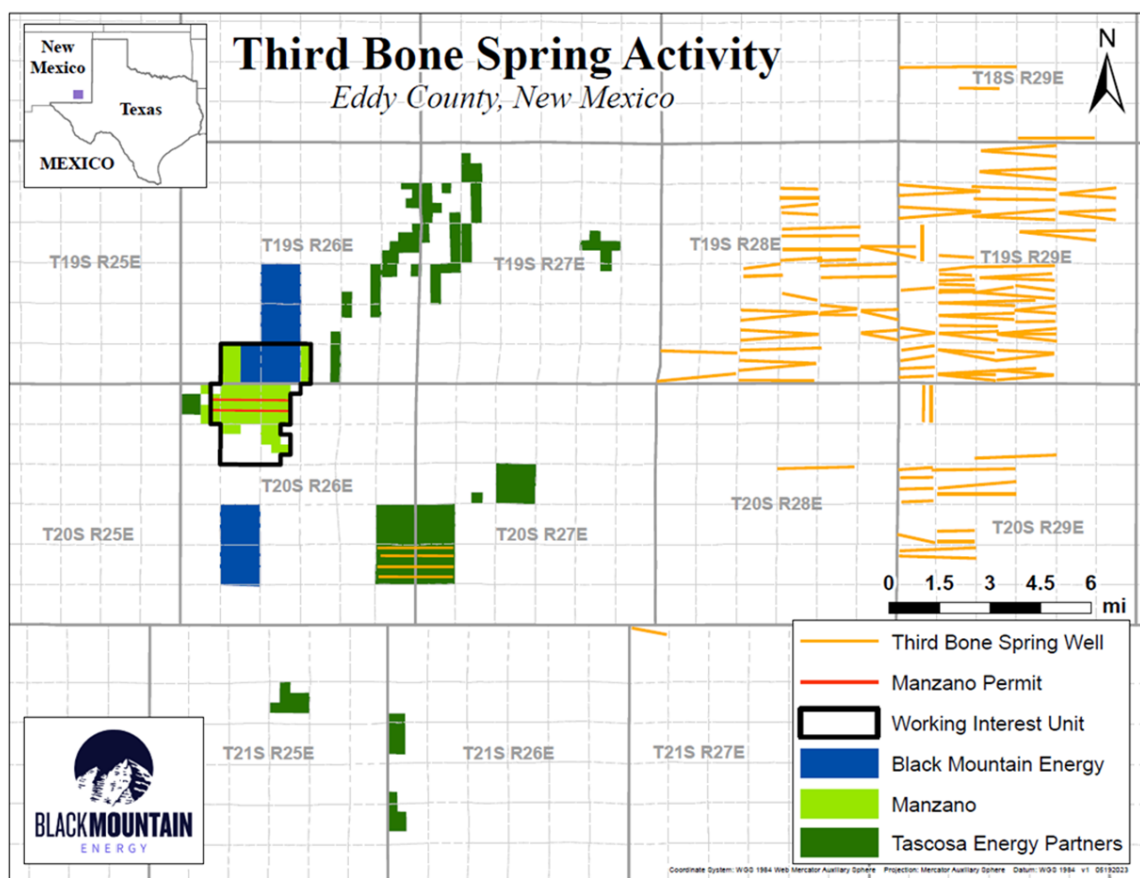


Figure 2: Half Moon Prospect Area Map with 3BS Activity

Presently, there are over a 100 3BS horizontal wells on production within 25 miles of the Half Moon Prospect. While there are a wide range of outcomes, analysis shows the average estimated ultimate recovery (EUR) is approximately 439,000 bbls of oil and 1.9 bcf of gas plus natural gas

liquids (NGL's)<sup>1</sup>. See orange lines in *Figure 3*. Additionally, there are 5 early life Tascosa Energy wells, within close proximity to BME's acreage, that have been producing from 2 to 24 months. These wells have been drilled to various horizontal lengths and *Figure 4* shows their early life oil and gas production performance.

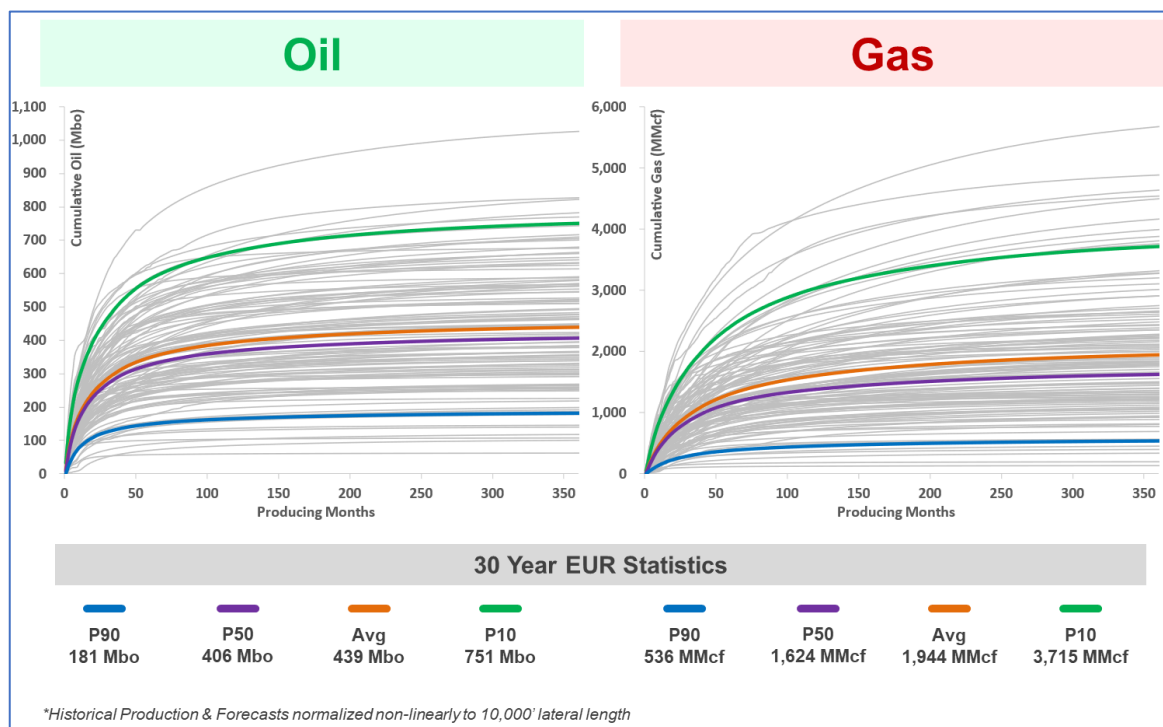


Figure 3: Eddy 3<sup>rd</sup> Bone Spring Cumulative Production Plots<sup>1</sup>

It is important to note that these area results may not be achieved across the Company's acreage position and the data shown in *Figures 3 and 4* do not constitute a type curve on drilling expectations.

The Company's Half Moon acreage, however, sits in an ideal position up dip in areas with reduced structural complexity and lower water cuts. Technical workflows show material upside potential across the acreage and new appraisal data will ultimately help steer the future development plan.

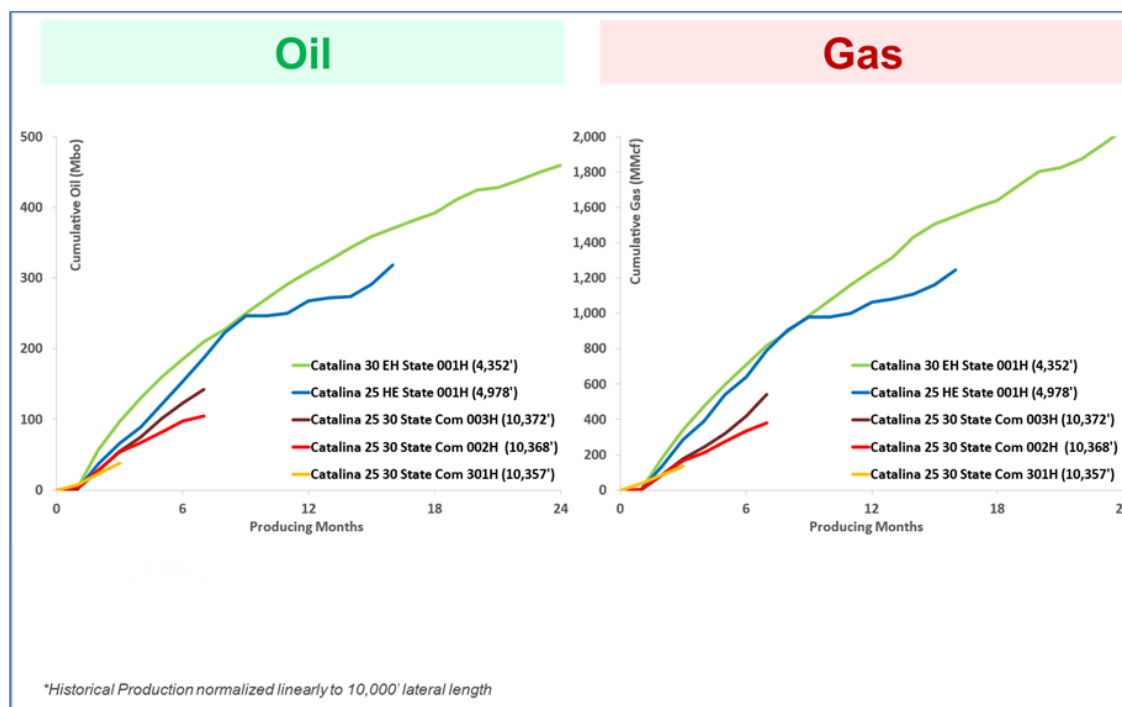


Figure 4: Tascosa 3<sup>rd</sup> Bone Spring Wells<sup>1</sup>

## FORWARD OUTLOOK

The drilling of the MIA 64 FEE 2H well will commence in June 2023. The full project, which includes fracture stimulation and a tie-in to production sales, is anticipated to take approximately 90 days.

BME will continue to progress its technical workflows on the Half Moon Prospect. These workflows along with the appraisal drilling results will help define the full plan around developing the 3<sup>rd</sup> Bone Spring interval, as well as define the reserves and resources bookings.

Additionally, the Company expects to share in the coming weeks more information around the number of possible drilling locations, a field development plan (FDP) and if it sees upside within other intervals, such as the 2<sup>nd</sup> Bone Spring interval.

**Executive Chairman Rhett Bennett commented** *“The well proposal received from Manzano Energy, which includes forming a strategic Working Interest Unit (WIU), aligns to our vision for the acreage. This is the first step in realizing the growth potential that originally attracted us to this acreage. I am pleased that we have been able to commence monetizing this asset so quickly since acquiring our position only 4 months ago.”*

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This announcement has been authorized for release by the Board of Black Mountain.

## ABOUT BLACK MOUNTAIN ENERGY

Black Mountain Energy Ltd (ASX: BME) is focused on sustainable development of oil and gas projects onshore Australia and the USA, led by a team of highly experienced upstream oil and gas professionals.

The Black Mountain Group is a major shareholder of BME, specializing in identifying and capturing high-growth opportunities in the global energy sector.

*Note 1: Well performance data is sourced from state public resources. [FAQ: Oil & Gas \(nmt.edu\)](#)*