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17 February 2023

HALF MOON PROJECT & VALHALLA PROJECT OPERATIONAL UPDATES

Black Mountain Energy Ltd (ASX: BME) is pleased to provide the following operational updates.

Half Moon Project

As announced on **25 Jan 2023**, Black Mountain Energy has acquired Earthstone Energy's (NYSE: ESTE) interest in an existing oil and gas field in the Permian Basin in New Mexico, United States. See Figure 1.

The acquisition of the Half Moon Project:

- Diversifies the Company's portfolio
- Provides immediate production & revenue
- Potential hydrocarbons are believed to exist in multiple formations on the acreage
- Further value may be unlocked via horizontal drilling
- Efforts underway to consider expanding footprint



FIGURE 1

The Company will have immediate production of approximately 1,800 gross mcfepd or **465 mcfepd net** from 8 wells situated on over 3,200 gross (1,268 net non-operated acres). Potential hydrocarbons are believed to exist in multiple formations on the acreage.

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Technical workflows are underway to fully understand the potential upside and to prioritize a forward plan for future activity. This plan will investigate using horizontal drilling technology to further unlock value as well as consider efforts to expand its footprint in the area.

Project Valhalla

The Company continues to advance Project Valhalla in EP 371. The Company remains committed to progressing approvals, data acquisition and appraisal planning on the permit this year. Recently, the Fitzroy Crossing area and the area in and around the Valhalla Project experienced **catastrophic flooding** in early January 2023. The Company is in communication with its area stakeholders and is reviewing various ways to provide support to those affected. The damage to key infrastructure is extensive and access to the area is limited and restricted (see Images 1 & 2).



Image 1: Fitzroy Crossing Bridge during the flood¹



Image 2: Damaged Bridge into Fitzroy Crossing²

The Company had fully intended to complete its new **2D seismic acquisition** during the first half of 2023. While executing the seismic acquisition during this timeframe has not been ruled out, it is very possible a delay may occur. As a precaution, the Company will apply for an S&E (suspend & extend) application with the regulator. The Company will continue to monitor access and work closely with the seismic contractor.

Recently, the Company received feedback from EPA Services on its draft **Environmental Review Document** (ERD). The feedback highlights the need for some additional baseline studies, which is likely to lead to an extension in approval time as a result of activities required to be undertaken. The Company is currently engaging with DWER (Department of Water and Environmental Regulation) and EPA (Environmental Protection Authority) Services to determine the best path

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forward. Additionally, the recent flooding event may create ongoing limitations to access the project area, contributing to the further delay of any newly required data.

For more information, please contact:

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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, specialising in identifying and capturing high-growth opportunities in the global energy sector.

Note 1: Myer, Andrea, (2023). Main Bridge into the town of Fitzroy Crossing. *The Saturday Paper*.

Note 2: Carmody, James, (2023). Fitzroy Crossing bridge. *ABC News*.