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ASX : EZE

## QUARTERLY ACTIVITIES REPORT For the period ending December 31, 2019

### 1 HIGHLIGHTS

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- Govt Kaehne #9-29 well was drilled and completed the Dakota Formation
- Completion of the Muddy Formation in the Govt Kaehne #9-29 is in progress
- Gross production averaged 410 BOEPD for Q4-19

### 2 POWDER RIVER BASIN, WYOMING

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After successfully farming out 39% of the working interest in the Company's first Powder River Basin well, drilling operations commenced with spudding of the Govt Kaehne #9-29 well on November 19. The well was drilled using the Capstar #311 rig which reached total depth ("TD") of 6,460 feet (1,969 meters) in eight days, two days ahead of schedule. The surface hole was drilled and cemented to 2,050 feet with 8 <sup>5</sup>/<sub>8</sub>-inch surface casing within 24-hours of drilling commencing. A 7 <sup>7</sup>/<sub>8</sub>-inch directional hole was then drilled to TD intersecting both the Muddy (secondary) Formation and the Dakota Formation (primary target). The mud logs from both formations showed multiple oil and gas shows.

The well was targeting oil production from the Dakota Sandstone Formation with a secondary formation being the shallower Muddy Sandstone Formation. Wireline logs were run after reaching total depth and these were sent for further petrophysical analysis by an independent service company. The wireline log calculations determined that there was a total of 21' of net pay in the Govt. Kaehne 9-29 well, 14' in the primary Dakota Formation (beginning at 6,322 feet) and 7' of net pay in the Muddy Formation beginning at 6,068 feet. While running in the hole with Drill Stem Test ("DST") tools after TD was reached, the test string became stuck some 400' off the bottom of the hole due to a build-up of "mudcake" in the wellbore. The tools were jarred lose and successfully removed from the well, but the drill-stem test was not completed. The wireline test results were considered to be sufficient to case and cement the wellbore with 5½" production casing.

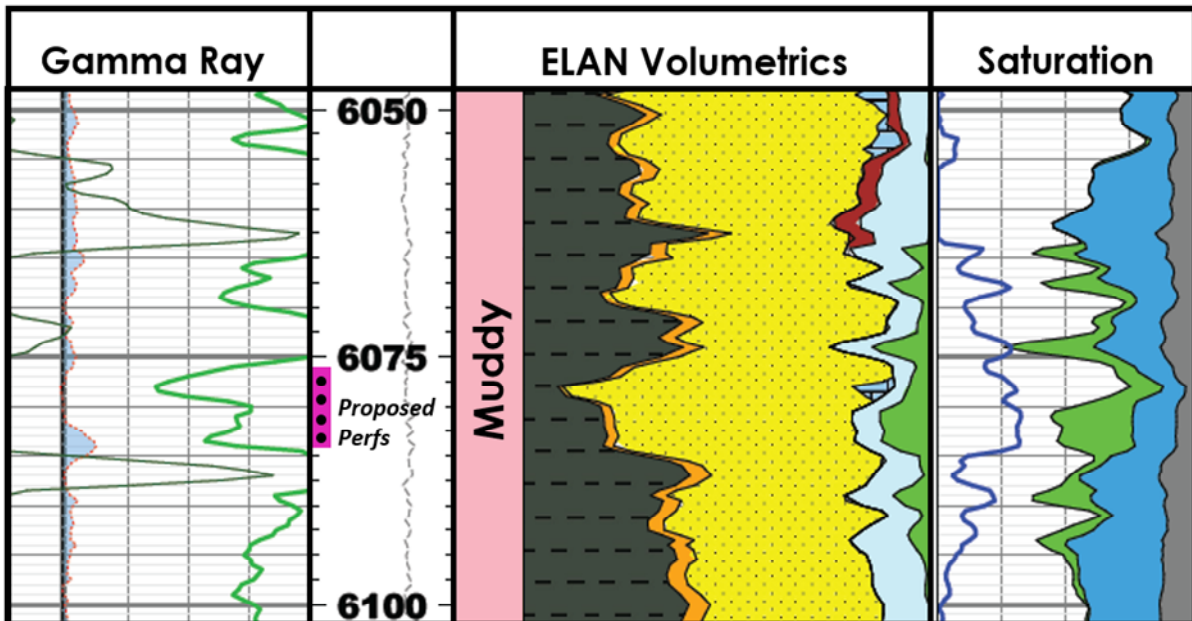
A completion rig was mobilized to site on December 18 and cement bond logs were run to evaluate the integrity of the cement behind the production casing. The Dakota Formation (primary target) was perforated with 4 shot's per foot across three intervals between 6,322 and 6,345 feet.

The location of the Govt Kaehne well was largely determined by existing spacing within the field and the need to be as far from historical production as possible. Geologically, there was support for drilling the prospect based on well logs, core and DST records from wells within the field. Several iterations of maps were created before settling on a final predrill interpretation. Publications, well data,

production data, and regional setting all factored into the geological interpretation developed for the Govt Kaehne #9-29 well. This interpretation was a main driver for directionally drilling the well to the SW corner of the allowed drilling window to maximise the chance of success within the Dakota Formation.

After the initial swab tests showed limited inflow, the perforated zones were acid stimulated with Hydrochloric acid and surfactant to remove any near wellbore damage created by cement or mud invasion. All of the acid and surfactant fluid was recovered by swabbing. Swab tests after the acid stimulation indicates the reservoir had low permeability due to interbedded silts and sands, limiting the inflow of fluids. Although the mud logs and open hole log analysis strongly indicate hydrocarbons present in the Dakota Formation, the limited permeability and oil/water ratio halted the completion operations in the Dakota.

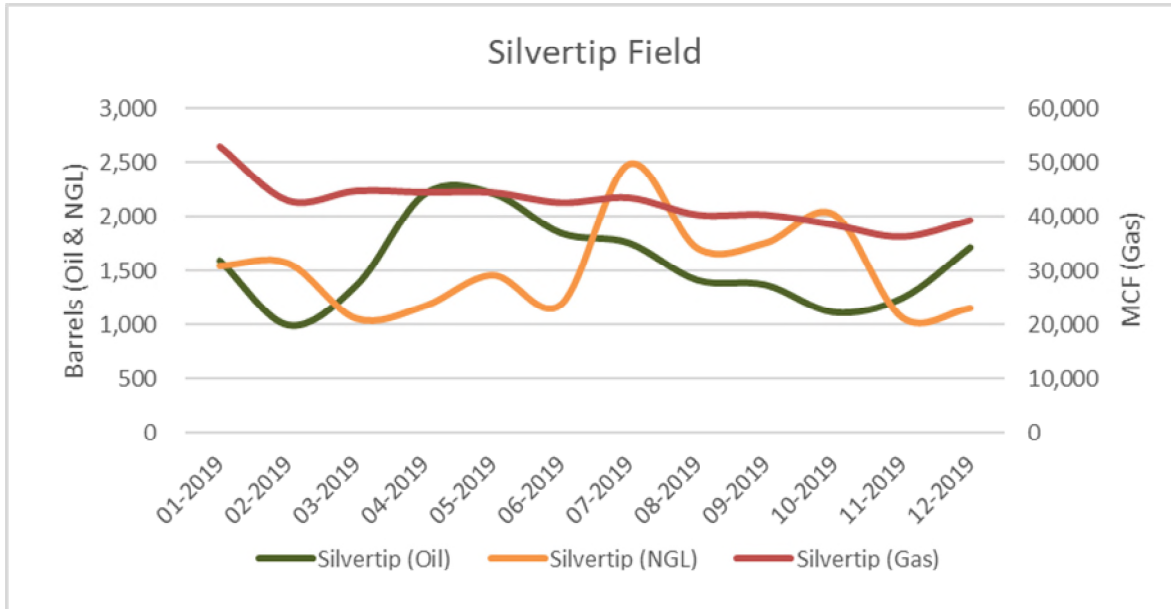
The Company is preparing to produce from the Muddy Formation at around 6075'. Offsetting wells in the Donkey Creek field have similar open hole logs. 7' of Muddy net pay has been identified in the Govt Kaehne 9-29. The completion will require a stimulation treatment. Permitting approval and completion is expected within the first half of February.



*Logs showing intended perforation depths in the **Muddy** Formation*

### 3 SILVERTIP FIELD, BIGHORN BASIN, WYOMING

Production at the Silvertip Field in 2019 has been impacted by well failures and workovers that have been carried out to restore intermittent offline production. The Silvertip Field consists of 96 producing wells, two water injection wells and a pipe network that transports produced natural gas to a processing plant where liquids are stripped before the gas is exported to a sales pipeline. Despite the size and complexity of this field, the day to day operations are managed by three permanent field personnel. Since the field was acquired in 2015, production decline has been limited as a result of a series of well recompletions where behind pipe gas has been produced from existing well bores at relatively low capital cost. The last major recompletion (#35-28) was carried out in 2018.



Gas production at the Silvertip Field has decreased in 2019 compared to the prior year, partly due to natural pressure decline and also due to flows being choked back as a result of low gas prices. Seasonal increase in demand for gas as winter set in saw a small uplift in price. As a result, some of the restricted production was released resulting in an increase in gas output in December 2019.

A number of workovers were completed on oil wells in Q4-19 which has seen some off-line oil production restored. The field has produced close to 18,800 Bbls of oil (gross) during the year, 7.5% less than in 2018.



Silvertip gas processing plant

## 4 BORIE OILFIELD, DJ BASIN, WYOMING

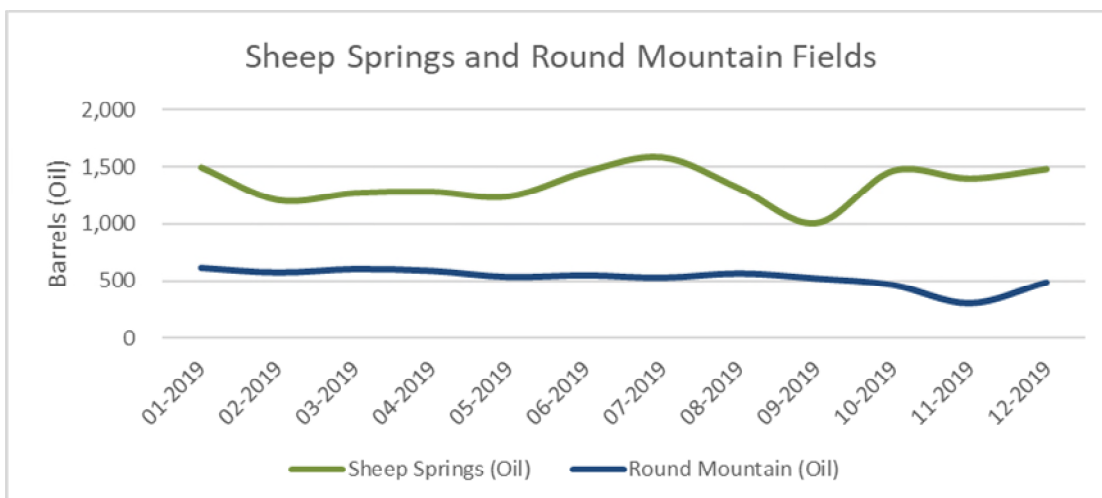
Average gross production of ~49 bopd in Q4-19 was approximately 10% less than previous quarter. The field had a number of wells down over Q4-19 which have mostly been restored to production. The Borie Field produced 19,600 Bbls of oil in 2019 which is only a decline of 2.7% from the prior year. This is without the implementation of any major workovers or enhancement of production through other recovery methods.



*Workover on Borie Field well*

## 5 SHEEP SPRINGS AND ROUND MOUNTAIN OILFIELDS, CALIFORNIA

Production from the Sheep Springs and Round Mountain Fields remained relatively static throughout 2019 with the exception of some outage periods at Sheep Springs where the main production well was under repair. The field operating costs continue to be low for these fields making them profitable even at lower production rates.





## 6 PRODUCTION

Gross production for the last two quarters (Q4-2019 and Q3-2019) and corresponding prior-year quarter (Q4-2018) are shown in Table 1 below.

TABLE 1	Q4 2019	Q3 2019	Q4 2018
<b>Gross Production</b>			
Oil production (Bbls)	14,111	15,114	16,801
Gas production (BOE) <sup>1</sup>	19,339	21,035	26,252
NGL production (Bbls)	4,226	5,953	6,026
Total barrels of oil equivalent (BOE)	37,676	42,102	49,078
Average BOEPD	410	458	533

## 7 SALES REVENUE

Table 2 below shows **net** volumes of oil, gas, and NGL's sold and **net** sales revenue for the last two quarters (Q4-2019 and Q3-2019) as well as the corresponding prior-year quarter (Q4-2018). **All revenue is in US Dollars.**

TABLE 2	Q4 2019	Q3 2019	Q4 2018
Oil Sold <sup>2</sup> (Bbls)	11,933	12,918	14,027
Oil Revenue <sup>2</sup> (US\$)	\$666,359	\$711,235	\$832,003
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$55.84	\$55.06	\$59.31
Gas Sold <sup>2</sup> (MCF)	47,463	52,699	64,215
Gas Revenue <sup>2</sup> (US\$)	\$114,601	\$108,493	\$260,266
Average Sale Price (US\$/MCF) <sup>3</sup>	\$2.41	\$2.06	\$4.05
NGL Sold <sup>2</sup> (Bbls)	3,455	4,867	4,928
NGL Revenue <sup>2</sup> (US\$)	\$67,803	\$67,699	\$123,422
Average Sale Price (US\$/Bbl) <sup>3</sup>	\$19.63	\$13.91	\$25.04
Total Net Barrels of Oil Equivalent Sold <sup>4</sup>	23,298	26,539	29,658
Total Net Sales Revenue (US\$)	\$848,762	\$887,428	\$1,215,691

Oil price in Q4-19 remained relatively consistent with the previous quarter. Sales volume of oil was down 7.6% resulting in a decline in net oil sales for the quarter. Gas prices increased in the 4<sup>th</sup> quarter as expected with the onset of colder winter weather. However, this price increase was not nearly as dramatic as the rise seen in Q4-18 where average gas price was over \$4/Mcf. The slight increase in gas price offset the decrease in gas volume sold to result in a small sales value increase for Q4-19 in gas sales. NGL sales volume was down but a strong 41% increase in price saw sales value for Q4-19 flat compared to Q3-19.

<sup>1</sup> Gross gas production includes fuel gas used in the field and processing plant. Gas is converted to barrels of oil equivalent (BOE) using a conversion rate of 6 MCF of gas to 1 barrel of oil.

<sup>2</sup> Net volume and revenue

<sup>3</sup> Average Sale Price is net of refinery and transportation deductions.

<sup>4</sup> Gas volume (MCF) is converted to Barrels of Oil Equivalent Sold (BOE) on a ratio of 6 MCF of gas per barrel of oil. NGL's are sold in gallons and converted to BOE on a ratio of 42 US gallons of NGL's per barrel of oil.

## 8 CORPORATE

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Eon's E2EO series of options expired on November 29, 2019. With an exercise price of A\$0.0188, none of this option series was exercised.

Securities on Issue	30 June 2019
Shares	769,888,934
Options (Exercisable at A\$0.0150, expiry Feb 2021)	363,499,774

### Forward-looking Statements

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This document may contain certain statements that may be deemed forward-looking statements. Forward-looking statements reflect the Company's views and assumptions with respect to future events as of the date of this press release and are subject to a variety of unpredictable risks, uncertainties, and other unknown factors that could cause actual events or results to differ materially from those anticipated in the forward-looking statements. Actual and future results and trends could differ materially from those set forth to various factors, many which are beyond our ability to control or predict. Some of the risk and other factors that could cause results to differ materially include but are not limited to: industry conditions, including fluctuations in commodity prices; governmental regulation of the oil and gas industry, including environmental regulation; economic conditions in the US and globally; geological, technical and drilling results; predicted production and reserves estimates; operational delays or unanticipated operating event; physical, environmental and political risks; liabilities inherent in oil and gas exploration, development and production operations; fiscal and regulatory developments; stock market volatility; industry competition; and availability of capital at favourable terms. Given these uncertainties, no one should place undue reliance on these forward-looking statements attributable to Eon NRG Ltd, or any of its affiliates or persons acting on its behalf. Although every effort has been made to ensure this Press Release sets forth a fair and accurate view, we do not undertake any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.