

31 October 2022

SAPPHIRE 5 PRODUCTION TESTING UPDATE

Blue Energy Limited (ASX: BLU, 'Blue') is pleased to report on the operations at the Sapphire 5 pilot wells in the Sapphire Block of ATP 814 (PLA 1034).

The SWS workover rig has successfully run the downhole completion string, consisting of downhole pump, rods and tubing, in the Sapphire 5V vertical well (which has the Sapphire 5L1, 5L2, 5L3 and 5L4 lateral well intersections). Surface facilities to drive the pump will be installed shortly.

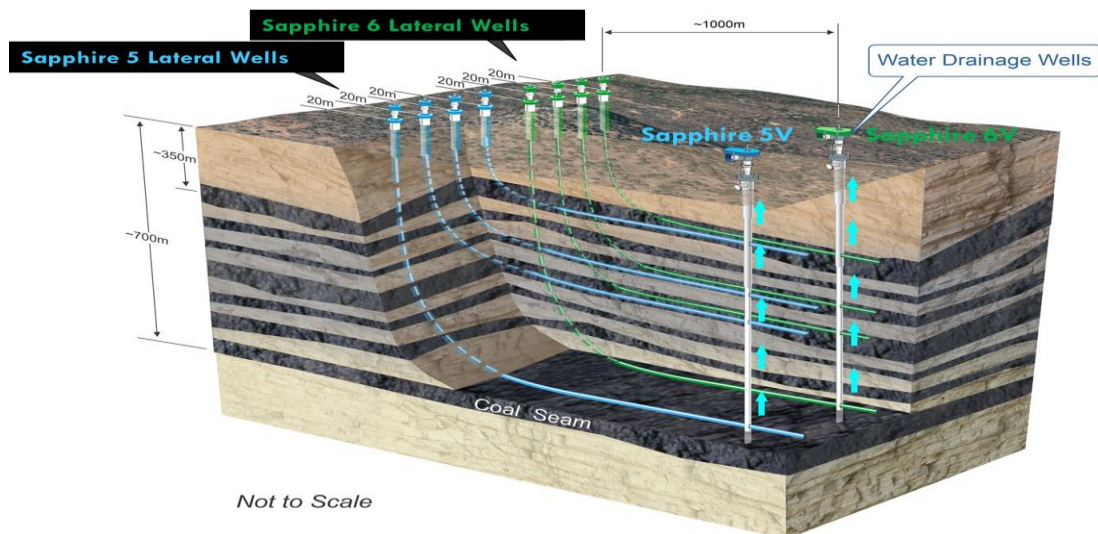
The Sapphire 5V vertical well is intersected by 4 lateral wells (see Figure 1) with a total of 4,986 metres of net coal. Net coal intersections for each of the Sapphire 5 laterals are as follows:

- Sapphire 5L1: 1,155m
- Sapphire 5L2: 1,185m
- Sapphire 5L3: 1,350m
- Sapphire 5L4: 1,296m.

The production testing skid (separator, measurement equipment and associated piping and gauges, etc), together with the flare stack, has been delivered to the Sapphire 5L lateral pad and is now being connected to each of the four recently drilled Sapphire 5L lateral wells.

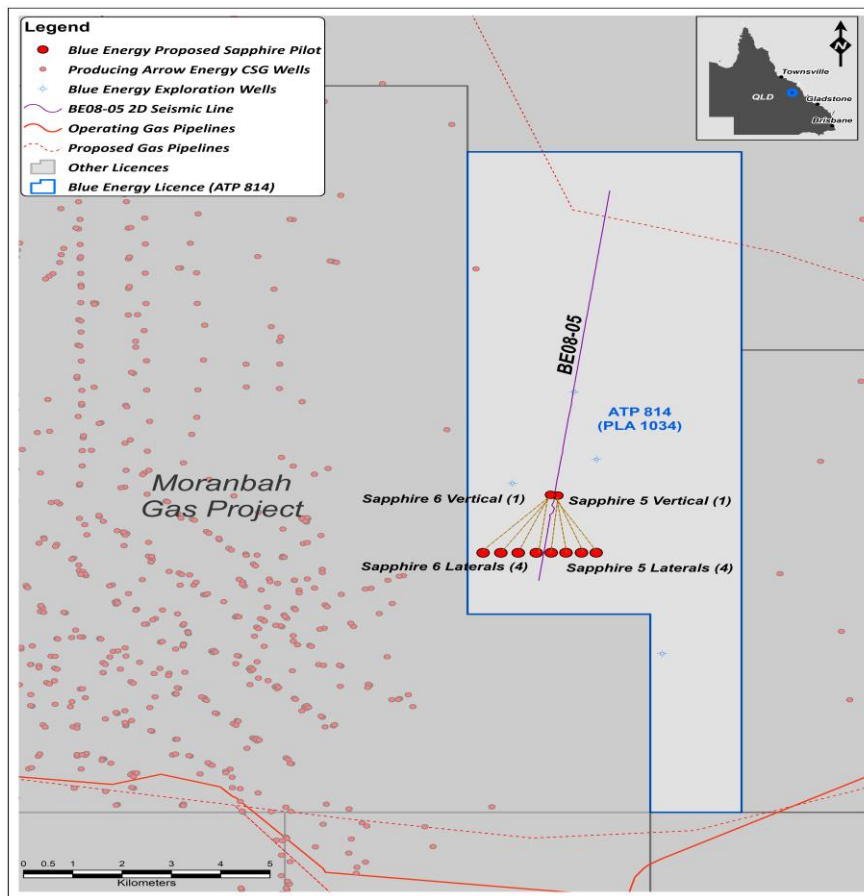
Blue expects to undertake the installation and connection of all surface facilities for the Sapphire 5 pilot well set over the coming 2–3 weeks (depending on any rain interruptions), with the initiation of pumping operations on Sapphire 5V expected to commence in mid-November. The Sapphire 6 pilot well set completion and hook-up will follow once the drilling rig has completed the Sapphire 6 lateral set of wells.

Figure 1: Schematic of Sapphire 5 and 6 pilot well configuration



Source: Blue Energy.

Figure 2: Plan view of Sapphire 5 and 6 pilot well locations



Source: Blue Energy.

The pilot well sets incorporate up to 4 separate lateral wells, each accessing individual coal seams and designed to intersect a single vertical well (see Figures 1 and 2). The vertical well acts as the water producer for the lateral wells, with the lateral wells able to meter and measure the gas flow from each individual coal seam, to allow better allocation of seam-specific reserves.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited