

1 November 2022

Operational Update

Sapphire 6 L2 lateral successfully drills 1,336 metre horizontal “in seam” section

Blue Energy Limited (ASX: BLU, ‘Blue’) is pleased to report on the operations at the Sapphire Pilot drilling programme in ATP 814.

Sapphire 6L2, the second lateral well in the Sapphire #6 pilot set drilling programme, has been successfully drilled to total depth and intersected the Sapphire 6V vertical well as planned. The well drilled 1,336 metres of horizontal in seam section having run and cemented 7” casing at 336 metres in the “build section” of the well. The 3 ½” production liner has now been successfully run and the rig is now skidding to the next pilot well location, Sapphire 6 L3.

Operations summary to date

- The Sapphire #6 L1 and L2 lateral well have been drilled and successfully intersected the Sapphire 6V vertical well. In doing so, these two wells have drilled a combined 2,526 metres of “in seam” horizontal section. The 3 ½” production strings have also been successfully run in both these wells.
- The Sapphire 5 L1, L2, L3 and L4 lateral wells have also been successfully drilled, having each intersected with the Sapphire 5V vertical well. These wells have drilled an aggregate of 5,055 metres of “in seam” section
- The two initial vertical wells, Sapphire 5V and Sapphire 6V, have been drilled to total depth, logged and had production casing run and cemented in place. Sapphire 5V has now been completed with the down hole pump, rods and tubing string.
- The Sapphire campaign to date has drilled a total of 12,465 metres with a total of 7,581 metres of horizontal section.

Drilling Program Background

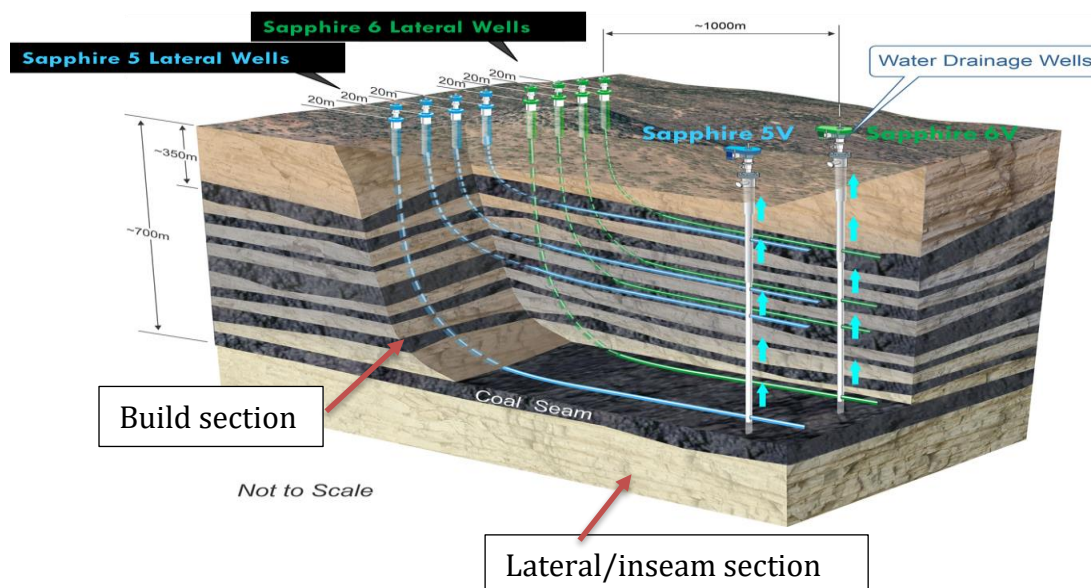


Figure 1: Schematic of Sapphire 5 and 6 pilot well configuration

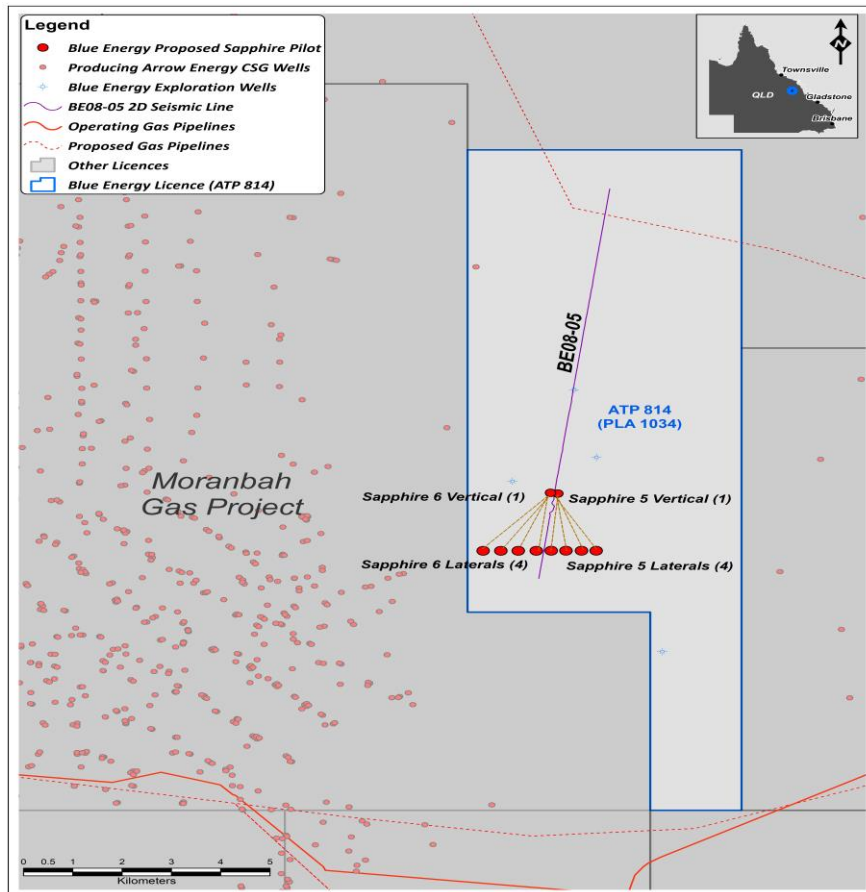


Figure 2: Plan view of Sapphire 5 and 6 Pilot well locations

The pilot well sets incorporate up to 4 separate lateral wells each accessing individual coal seams and are 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.

The planned sequence of drilling of the Sapphire 6 lateral wells will revert to a sequential drilling pattern of the entire individual lateral well (ie build section immediately followed by horizontal in seam sections), to allow maximum flexibility in the remaining programme.

Released by Authority of the Board per:

John Phillips
Managing Director
Blue Energy Limited