



ASX ANNOUNCEMENT

15 JUNE 2022

SINGLE WELL RE-COMPLETION DELIVERS MATERIAL PRODUCTION GAINS

HIGHLIGHTS

- A low-cost, single well re-completion, the DPI-2605, has added considerably to gross daily production with the well now steadily flowing ~50 BOPD and 300 Mcf/day of gas;
- This represents a significant boost to AXP's oil production which averaged 307 BOPD in April and 351 BOPD in May (includes 517 barrels of flush production from DPI-2605);
- DPI-2605 initially flowed naturally at 310 BOPD and 1,000 Mcf/day (intermittently) and achieved a maximum flow rate of 555 BOPD on the second day (*refer Table 1 overleaf*) however the operations team has choked back the flow to manage the high formation pressure and protect the well;
- Now that the well is on pump and flowing through the production tubing (~50 BOPD since 1 June), well engineering is ongoing to stabilise the well and maximise final production rate;
- AXP is currently in the process of establishing a sales contract with a local government municipality to sell the gas at a slight discount to NYMEX;
- DPI-2605 is located approximately 1.6 KM from the nearest pipeline into this municipality and the cost of tapping into this sales channel is estimated at less than U\$100K;
- A further 9 drilling locations have been identified across the lease where the DPI-2605 is located; Additional leases are now being assessed with a view to adding more drilling locations;
- More generally, as flagged in the Company's last quarterly report, workovers are continuing across leases linked to reliable midstream and downstream infrastructure with further production gains to be realised.

AXP Energy Limited (ASX: AXP, OTC US: AUNXF), ('AXP', 'Company') is pleased to provide this update on material production gains resulting from a low-cost well re-completion of a single well, as per the highlights above.

The flow rates being reported today follow production testing over a number of weeks while the well has flowed back ~4,261 gallons of frack fluid. High downhole pressures (relative to the area) necessitated that the team choke the well back to its current flow rate in order to produce the well through production tubing. This allows the well to flow within a significantly more controlled and safe environment while the team makes appropriate adjustments to maximize the final production rate.

While the well is now on a steady pump of ~50 barrels of oil per day, well engineering is ongoing to establish the optimal balance between maximizing daily production whilst protecting the producing formation and the wellbore for long term hydrocarbon recovery.

DPI-2605 NATURAL FLOWS – WEEK 1 PRODUCTION TESTING				
Date	Frac Fluid (BBL)	Oil (BBL)	Flow Time (hrs)	Effective Oil Flow Rate (BOPD)
24 May	119	112	5.5	488.7
25 May	36	81	3.5	555.4
26 May	72	131	9.5	330.9
27 May	98	67	4	402.0
28 May	78	40	9	106.7
29 May	67	45	7	154.3
30 May	93	41	7.5	131.2

TABLE 1: NATURAL FLOW PERFORMANCE OF DPI-2605 OVER FIRST 7 DAYS

Whilst natural gas production was not anticipated in this well, AXP has identified and is establishing a sales contract with a local municipality with the pipeline tie in within 1.6KM. The cost of the gas pipeline is estimated to be less than US\$100K. Once the tie-in is complete, natural gas production from the DPI-2605 will deliver more gas sales in leases that are located near to reliable pipeline and processing infrastructure.

On 3 February 2022, AXP first reported its intention to pursue low-cost re-completions on a number of historical drilled & uncompleted wells ('DUCs') located in the Illinois Basin. The DPI-2605 is the first of these opportunities to be realised with the lease now identified as a priority target. Additional adjacent leases are in the process of being secured over the area that overlays the Salem-Warsaw and Upper Fort Payne formations. These are common targets for oil production in the region.



DPI-2605 PUMP, TANK BATTERY & GAS FLARE: LOW-COST PRODUCTION INFRASTRUCTURE

Chief Executive Officer Tim Hart said: *"The flow rates from the DPI-2605 are outstanding. Whilst the well has delivered very high natural flow rates, we took the prudent decision to choke back the flow whilst we engineer the well to maximise future performance. We will continue to produce at ~50 BOPD as this work progresses. It should also be noted that just under 40% of the frack fluid, which often inhibits hydrocarbon flow, is still to be flowed back. We will keep shareholders updated as the work advances."*

"Our portfolio holds considerable untapped potential and the DPI-2605 is just one success from an inventory of hundreds of wells that we are still to workover and/or re-complete. Whilst we are being opportunistic and in the process of securing more leases in the area to potentially drill new low-cost wells in the future, our immediate priority is to increase cash reserves by undertaking more low-cost, predictable re-completions and workovers across leases tied to reliable transport and processing infrastructure as per our stated growth strategy."

AXP notes that workovers are currently underway on several wells in Western Kentucky and operations are ongoing in the KayJay field in the Appalachian Basin. Larger, more complex re-completions that had high historical gas flow rates have also been identified.

This announcement has been authorised by the Board of AXP Energy Limited.

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FURTHER INFORMATION

Tim Hart, Chief Executive Officer: +1 (303) 999 5420

Sam Jarvis, Director: +61 (0)418 165 686

ABOUT AXP ENERGY LIMITED

AXP ENERGY Limited (ASX: AXP) (formerly Fremont Petroleum Corporation Limited) is an oil & gas production and development company with operations in Colorado, Illinois, Kentucky, Tennessee and Virginia. AXP's focus is to aggressively grow daily production by improving current asset performance and opportunistically acquiring onshore USA oil & gas assets with the following characteristics: producing conventional oil & gas wells; production that can be enhanced through low-cost field operations and workovers; leases which are held by production and which do not require ongoing drilling commitments; and economies of scale which can be achieved by acquiring and carrying out similar enhancement strategies on contiguous or nearby fields with similar characteristics.

DISCLAIMER

This announcement contains or may contain "forward looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21B of the Securities Exchange Act of 1934. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, goals, assumptions or future events or performance are not statements of historical fact and may be "forward looking statements." Forward looking statements are based on expectations, estimates and projections at the time the statements are made that involve a number of risks and uncertainties which could cause actual results or events to differ materially from those presently anticipated. Forward looking statements in this action may be identified through the use of words such as "expects", "will," "anticipates," "estimates," "believes," or statements indicating certain actions "may," "could," or "might" occur. Hydrocarbon production rates fluctuate over time due to reservoir pressures, depletion, down time for maintenance and other factors. The Company does not represent that quoted hydrocarbon production rates will continue indefinitely.