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## Mahalo North operations update

### Key points:

- Mahalo North 1 and 2 drilled and rig released on 12 November.
- High drilling fluid losses in the Mahalo North 2 well is indicative of a good natural fracture network along both lateral well sections.
- Given recent widespread rainfall in the region, the production testing phase has been delayed until a workover rig can be safely brought to site which is expected next week.

Comet Ridge Limited (ASX:COI) is pleased to provide an update on its Mahalo North work program, where Comet Ridge holds 100% equity and is the Operator. The drilling operations are targeting the high-quality fairway in the southern part of ATP 2048, approximately 3.7km to the north of the existing Mahalo Pilot Scheme.

### Drilling phase completed

Comet Ridge has successfully drilled the following appraisal wells at Mahalo North (refer also to *Figure 1 below*):

- Mahalo North 1 vertical well; and
- Mahalo North 2 dual lateral well.

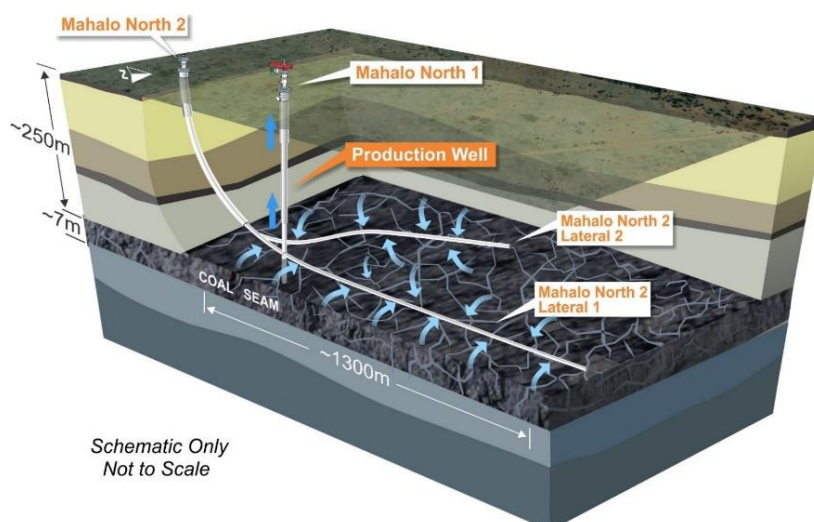


Figure 1 - Cutaway diagram of the relative position of both Mahalo North 2 dual lateral well sections, and Mahalo North 1 vertical well

## A compelling east coast gas play

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The Mahalo North 2 dual lateral well incorporates two separate, but connected, lateral wells drilled over a long distance, to allow a pathway for water and gas to flow from the natural fractures inside the coal reservoir and into the vertical well (Mahalo North 1) for transport to surface.

### **Production testing phase**

An early start to the wet season has provided some operational and logistical challenges, with approximately 200 to 250mm of rainfall recorded in the project area over the past few weeks. The drilling rig was released from the Mahalo North 2 site on 12 November and after several days preparing roads and allowing some drying time, the rig and camp were fully off location on 22 November. Since then, more rainfall has occurred, making this the heaviest start to a wet season since 2011. As a result, Comet Ridge made the decision to delay mobilising the smaller completion rig into the area until roads and the well site are suitably accessible.

The next phase in the work program comprises preparation for production testing, including:

- Installation of completion equipment in the Mahalo North 1 vertical well, including production tubing, downhole pump and pressure gauge. At this stage we expect the workover rig to arrive at the Mahalo North site by the middle of next week and the completion work to occur before the Christmas period, however further rainfall may delay this.
- Installation of surface production equipment, including metering skid, separator, production flare and water storage tanks. This is now scheduled to occur early in the New Year, with commissioning and start-up of testing to commence very soon thereafter.

As previously announced by Comet Ridge, much higher than expected drilling fluid losses were experienced whilst drilling the lateral sections in Mahalo North 2, with almost 1900m of coal reservoir connected into the vertical well. This indicates that both lateral wellbore sections have encountered an established natural fracture network in the coal reservoir, which bodes well for future production performance.

In anticipation of higher water and gas rates during the production testing phase, Comet Ridge has re-designed some of the production equipment, including a larger downhole pump and increased water storage facilities.

### **Comet Ridge Managing Director, Tor McCaul said:**

“The delay to commencement of production testing of a few weeks is unfortunate but unavoidable given the significant rainfall recorded in the area. Of course, we are pleased with the rain for our landholders and their businesses. Given the high fluid losses we had while drilling, which confirms an established natural fracture network, we have used the extra time to reassess our design of the production test and have decided to install a bigger downhole pump, larger tubing and more water storage for the Mahalo North 1 well. These exciting results mean we need to plan for higher water rates initially, leading on to what we expect will be higher gas rates as the production test progresses”.



**By Authority of Board per: Tor McCaul, Managing Director**

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### ***About Comet Ridge***

*Comet Ridge Limited (ASX: COI) is a publicly listed Australian energy company focused on the development of natural gas resources for the east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland and New South Wales. Our flagship Mahalo Gas Hub projects are low cost, sales spec natural gas blocks, close to Gladstone. Our exploration assets in the Galilee and Gunnedah basins offer further upside amid increasing domestic and international demand for natural gas as a source for cleaner energy and as a key manufacturing feedstock that makes thousands of products, used daily.*