



ASX Announcement

30 May 2022

Mahalo North pilot completion equipment upgrade

Key points:

- Mahalo North pilot production scheme continues to outperform pre-drill modelling, with gas rates steadily increasing.
- The pilot has been paused for the last week to install a bigger-capacity downhole pump and gas separator.
- A Reverse Osmosis water filtration system is being commissioned for additional water handling capacity and to provide treated water for livestock.
- Pumping operations and gas production recommenced and will accelerate with larger equipment installed.

Comet Ridge Limited (ASX:COI) advises that the Mahalo North pilot production scheme has been re-started after a week-long pause to install a larger downhole pump and to replace the current rented gas separator with a new company-owned gas separator with a larger capacity. Before the equipment changeover, the well was producing 85 Mcfd (thousand cubic feet of gas per day) and gas production was steadily increasing on a daily basis. Gas production is expected to accelerate as the new larger downhole pump is ramped up.

Prior to the workover, dewatering was occurring at maximum pump capacity, of about 735 barrels of water per day, with bottomhole pressure reducing at approximately 0.8 psi per day. All water production is coming from the 6.9m thick coal reservoir as there are no other permeable zones (e.g. sandstones) in the coal section. Whilst this rate of bottomhole pressure reduction is acceptable, reservoir modelling indicates gas production could be accelerated significantly by increasing the water production. As a result, the Company installed a larger downhole pump (that Comet Ridge held in inventory) to accelerate the bottomhole pressure drawdown, with the objective of achieving higher gas production over a much shorter period and allowing assessment of larger equipment for future field development.

Concurrent with the downhole pump and separator changeover, Comet Ridge is commissioning a small-scale, container based, Reverse Osmosis filtration system to treat the produced water from the coals. Once completed, this will provide a treated water stream (meeting all required standards) that can be used for livestock. The concentrated water extracted via the filtration process will be stored in the Company's own tank. This provides Comet Ridge with significantly more water handling capability for the current pilot test and demonstrates proof of concept for handling CSG water as we progress to future field development.

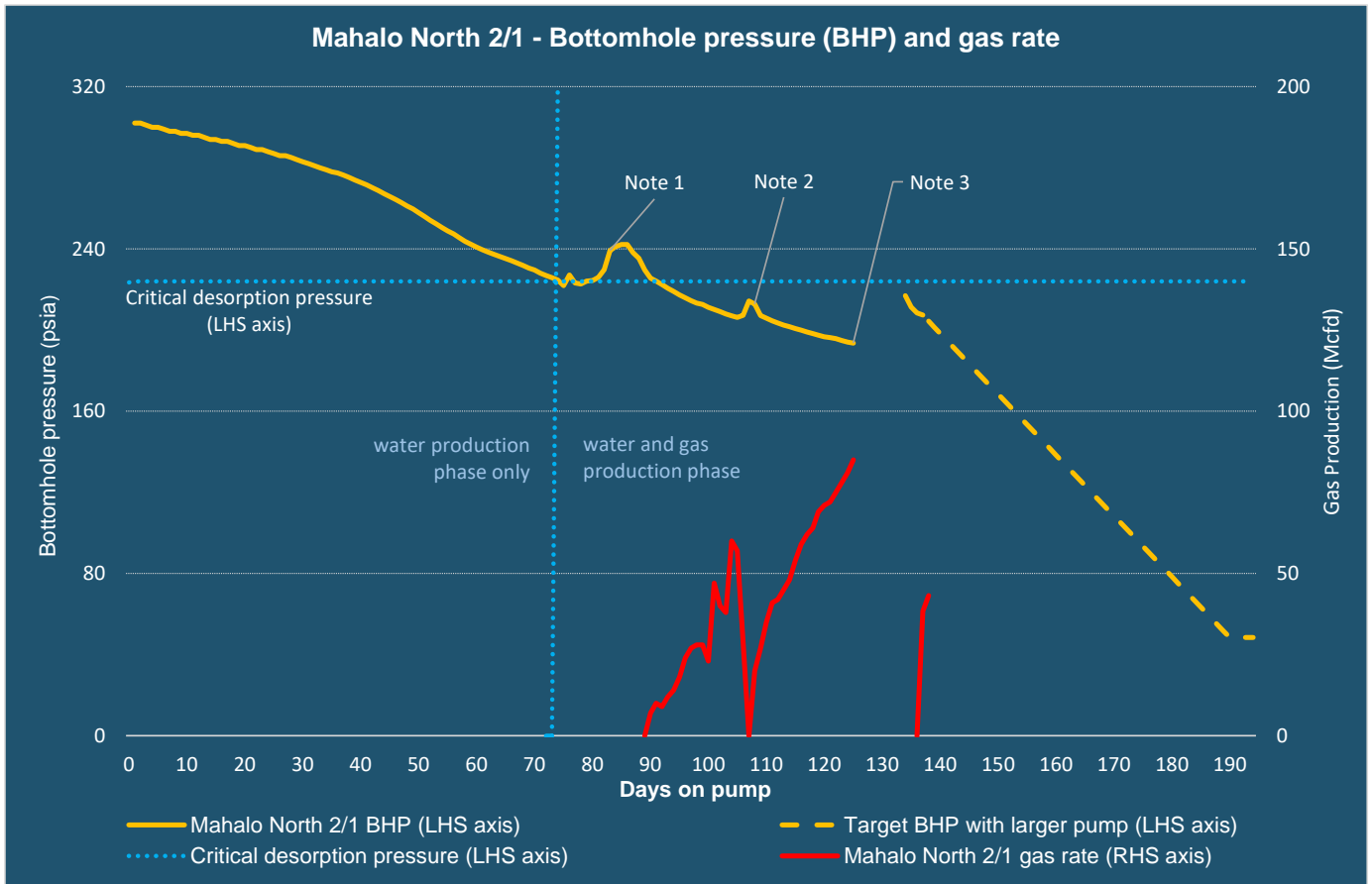
A compelling east coast gas play

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The graph below shows the bottomhole pressure trend up to the date of the workover and also the commencement of gas production. It also shows the forecast bottomhole pressure reduction with the larger pump operating over the next two months at a higher drawdown rate. Comet Ridge’s modelling suggests the well is draining a much larger area than originally modelled, indicating that future development wells in this area could be spaced further apart, thus improving project economics.



- Note 1: Bottomhole pressure increased briefly after critical desorption pressure was reached, as adjustments were made to pump speed and the original (rented) gas separator was prepared to come on-line.
- Note 2: Repair of a back pressure valve (pump maintained at low speed whilst gas separator was isolated for repair).
- Note 3: Commencement of workover to install larger downhole pump, new gas separator and Reverse Osmosis water filtration system.

Comet Ridge Managing Director, Tor McCaul said “We are very happy with the performance of the pilot well. Critical desorption pressure was achieved very close to our internal modelling, with gas production commencing and then increasing steadily on a daily basis. The subsurface and production data available to date indicates this is a very productive well. Allowing the original downhole pump to continue to operate was considered a viable option, but by installing equipment with greater capacity we will reach the production potential of the well faster and can better assess equipment requirements for future development scenarios.”

Following the recommencement of pumping operations on 26 May, the new larger pump is being progressively increased in speed with gas production recommencing the following day as anticipated.

Comet Ridge will continue to provide regular market updates as the production test continues.



By Authority of the 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 strained east coast Australian market. The company has tenement interests and a suite of prospective projects in Queensland. Our flagship Mahalo Gas Hub project consists of low cost, sales spec natural gas blocks, close to Gladstone. Our exploration assets 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.