



## CASCADURA-1ST1 PRESSURE ANALYSIS - INDEPENDENT VERIFICATION OF TEST RESULTS

CALGARY, ALBERTA (June 15, 2020) - Touchstone Exploration Inc. ("Touchstone", "we", "our", "us" or the "Company") (TSX, LSE: TXP) is pleased to announce final production test results from the Cascadura-1ST1 well on the Ortoire exploration block. The final test results for both the lower test (6,056 to 6,218 feet) and the upper test (5,570 to 5,915 feet) have been reviewed by the Company's independent reserves evaluator, GLJ Ltd. ("GLJ"), and the following information is intended to complement initial production test results previously released by on February 6, 2020 and March 11, 2020.

### Highlights

#### Upper test

- Flow and buildup test results suggest an Absolute Open Flow ("AOF") natural gas rate of 390 million cubic feet per day ("MMcf/d") at the sandface.
- Final 24-hour extended flow test rate, limited by capacity of surface test equipment, averaged 5,472 barrels of oil equivalent per day ("boe/d"), 86% natural gas, at a final sandface drawdown of 4%. Pressure data suggests that the well was still cleaning up at the end of the extended test period.
- Condensate Gas Ratio ("CGR") was 28 barrels of 55° API condensate per million cubic feet of natural gas produced ("bbls/MMcf") during the extended flow test.

#### Lower test

- Flow and buildup test results suggest an AOF natural gas rate of 92 MMcf/d at the sandface.
- Final 24-hour extended flow test rate, limited by the capacity of surface test equipment, averaged 5,157 boe/d, 87% natural gas, at a final sandface drawdown of 12%. Pressure data suggests that the well was still cleaning up at the end of the extended test period.
- CGR was 26 bbls/MMcf of 55° API condensate during the extended flow test.

### Analysis

- Gas analysis indicated sweet, liquids rich natural gas with no hydrogen sulfide and no entrained water.
- Based on the data obtained during both tests, the Cascadura-1ST1 reservoir appears to be unbounded within the area of investigation, confirming a larger pool than originally anticipated.
- Absolute Open Flow Potential ("AOF") modelling indicates that it is reasonable to design for an initial gross production rate of between 7,750 and 9,700 boe/d (6,200 to 7,760 boe/d net) based on estimated gross rates of 40 to 50 MMcf/d of natural gas and 1,100 to 1,400 boe/d of condensate.

### James Shipka, Chief Operating Officer, commented:

*"We are extremely pleased with the final testing data and GLJ's independent analysis of the stage one and stage two information, as both confirm the tremendous potential of the Cascadura-1ST1 discovery. The low sandface drawdown, high reservoir pressure, and rapid recovery suggest a sizeable reservoir with excellent production potential. With minimal drawdown observed while flowing and with no boundaries seen in the analysis, the pressure data confirms that the Cascadura pool is larger than the area of investigation observed during the tests. On this basis, we will likely require additional drilling and production at Cascadura to fully understand and optimize production from the structure. We are now working with GLJ to complete an independent reserves evaluation for the Cascadura feature, which we expect in July. The evaluation will use the test data along with wireline logs, analogous pool data, offset production and seismic to properly assign reserves to the pool."*

*The team remains on course to begin drilling at our next prospect, Chinook, in July, where we are keen to explore a separate structure along the same geological trend. With several near-term catalysts for the Company, now is an exciting time for Touchstone, and we look forward to updating all our stakeholders in due course."*

As previously announced, the Cascadura-1ST1 exploration well onshore in the Republic of Trinidad and Tobago (Touchstone 80% working interest operator, Heritage Petroleum Company Limited 20% working interest) encountered substantial volumes of liquids rich natural gas in two sand packages in the Herrera Gr7b formation with a total combined thickness in excess of 777 feet. Evaluation of these sands was undertaken in two stages with the first test evaluating 162 feet of pay in the lowermost section of the wellbore and the second test evaluating 345 feet of pay in the uppermost section of the wellbore.

### **Lower Stage One Testing**

During the 24-hour extended flow test of the lower interval (6,056 to 6,218 feet), Cascadura-1ST1 averaged a production rate 26.8 MMcf/d of natural gas and an estimated 691 bbls/d of condensate (5,157 boe/d, 13% liquids). In this final extended flow test, the well yielded 55° API condensate at a ratio of approximately 26 bbls/MMcf of natural gas produced. Laboratory analysis of the produced gas indicated liquids rich natural gas with no hydrogen sulfide content, no entrained water and no solids.

Following flow testing, the well was shut in for an extended pressure buildup survey which concluded on February 27, 2020. During the buildup period, the Company observed bottomhole pressures returning to pre-test levels of approximately 4,783 psi. Final downhole flowing pressure at the end of the 24-hour flow test was 4,221 psi, indicating a sandface drawdown of 12%. Flow and pressure buildup measurements were then reviewed by GLJ as part of their pressure transient analysis report. This data suggests an estimated sandface AOF rate of 92 MMcf/d. No physical boundaries were observed during the pressure buildup test period, and no skin damage was visible at the sandface. Pressure data suggests that the well was continuing to clean up during the extended flow test.

### **Upper Stage Two Testing**

Production testing of the upper interval (5,570 to 5,915 feet) resulted in an average production rate of 28.1 MMcf/d of natural gas and an estimated 783 bbls/d of natural gas liquids (approximately 5,472 boe/d, 14% liquids). During the final extended flow test, Cascadura-1ST1 yielded 55° API condensate at a ratio of approximately 28 bbls/MMcf of natural gas produced. Laboratory analysis of the produced gas indicated liquids rich natural gas with no hydrogen sulfide content, no entrained water and no solids.

Following flow testing, the well was shut in for an extended pressure buildup survey which concluded on May 13, 2020. During this buildup period Touchstone observed bottomhole pressures returning to pre-test levels of approximately 4,728 psi. Final downhole flowing pressure at the end of the 24-hour flow test was 4,550 psi, indicating a final sandface drawdown of 4%. Flow and pressure buildup measurements were reviewed by GLJ, indicating in an estimated sandface AOF rate of 390 MMcf/d. No physical boundaries were observed during the pressure buildup test period, and no skin damage was visible at the sandface. Pressure data suggests that the well was continuing to clean up during the extended flow test.

Analysis of the data supports an initial gross production rate of 40 to 50 MMcf/d with an estimated 1,100 to 1,400 bbls/d of condensate (net production rate of approximately 6,200 to 7,760 boe/d). This initial estimated production rate is based upon the AOF modeling performed following analysis of the flow and buildup pressure data. Touchstone will design the production and surface facilities to meet these initial production capabilities. These rates reflect the well production from the upper interval (test two), with the lower interval (test one) initially isolated, as per the current well configuration.

## **Touchstone Exploration Inc.**

Touchstone Exploration Inc. is a Calgary based company engaged in the business of acquiring interests in petroleum and natural gas rights and the exploration, development, production and sale of petroleum and natural gas. Touchstone is currently active in onshore properties located in the Republic of Trinidad and Tobago. The Company's common shares are traded on the Toronto Stock Exchange and the AIM market of the London Stock Exchange under the symbol "TXP".

For further information about Touchstone, please visit our website at [www.touchstoneexploration.com](http://www.touchstoneexploration.com) or contact:

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## **Advisories**

### ***Forward-Looking Statements***

Certain information provided in this news release may constitute forward-looking statements within the meaning of applicable securities laws. Forward-looking information in this news release may include, but is not limited to, statements with respect to well test results; the Company's exploration plans and strategies, including with respect to the anticipated development and timing of the Cascadura-1ST1 well and ultimate production therefrom; and the sufficiency of resources and available financing to fund future completion operations. Although the Company believes that the expectations and assumptions on which the forward-looking statements are based are reasonable, undue reliance should not be placed on the forward-looking statements because the Company can give no assurance that they will prove to be correct. Since forward-looking statements address future events and conditions, by their very nature they involve inherent risks and uncertainties. Actual results could differ materially from those currently anticipated due to a number of factors and risks. Certain of these risks are set out in more detail in the Company's 2019 Annual Information Form dated March 25, 2020 which has been filed on SEDAR and can be accessed at [www.sedar.com](http://www.sedar.com). The forward-looking statements contained in this news release are made as of the date hereof, and except as may be required by applicable securities laws, the Company assumes no obligation to update publicly or revise any forward-looking statements made herein or otherwise, whether as a result of new information, future events or otherwise.

### ***Oil and Gas Matters***

References in this news release to production test rates and initial flow rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will commence production and decline thereafter and are not necessarily indicative of long-term performance or of ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for the Company.

### ***Oil and Gas Measures***

Where applicable, natural gas has been converted to barrels of oil equivalent based on six thousand cubic feet to one barrel of oil. The barrel of oil equivalent rate is based on an energy equivalent conversion method primarily applicable at the burner tip, and given that the value ratio based on the current price of crude oil as compared to natural gas is significantly different than the energy equivalency of the 6:1 conversion ratio, utilizing the 6:1 conversion ratio may be misleading as an indication of value.