

# Desert Mountain Energy Corp. Completes Helium Processing Facility Move To New Mexico Gas Field

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VANCOUVER, Aug. 16, 2023 - [Desert Mountain Energy Corp.](#) (the "Company") (TSXV: DME) (U.S.OTC: DMEHF) (Frankfurt: QM01) From the President of the Company. The Company is pleased to announce that it has successfully completed the disassembly of the helium processing plant. All components have been transported to the West Pecos Slope Abo Gas Field and reassembly has begun. The Company expects this process to take five to six weeks and plans on starting up the plant shortly after pressure testing of critical components is completed.

"Our team has utilized our original design criteria to complete this strategic move in record time, on schedule and under our planned budget for this phase," states Robert Rohlfing, CEO of DME. "Cash on hand at the end of last quarter was approximately \$14.7 Million CDN and we intend to maintain those solid cash balances. On-going well workovers will be out of cash flow."

The Company has initiated the process of pigging flow lines, replacing specific portions of the flow lines and implementing maintenance procedures for the flow lines. Pigging of lines will help to lower flowing pressures from the furthest distant wells. The Company has also begun the process of removing choke points and will continue that process over the next 3-4 months. DME has purchased smaller volume compressors to initially enable boosting production from the wells containing the higher levels of helium. As stated in the previous news releases on 06/19/23 and 07/06/23, the geologic team has quickly identified and evaluated which wells will be initially targeted to maximize helium production. This includes independent gas analysis on individual wells to ensure a correlation between the flow tests originally provided to us by the seller. DME's goal continues to initially target wells where our tests and the previous tests from the past two years of production showed helium values to be above 0.7% and have an initial aggregate plant throughput for helium production above 0.50%.

Currently, well flow line pressures have risen over the past month across the entire field due to the IACX gas plant being down for repairs and maintenance. In one example, the well furthest south was still selling some gas with the meter pressure showing at 184#psi. This well is located at the end of almost 9 miles of 2" flow line and over time we will incorporate boost compressors to cost-effectively increase production from outlying wells.

Under current contracts, the Company will not be due to pay royalties on any inert gases recovered through plant operations. As mentioned previously by the Company, the condensate values and BTU values can vary widely between the wells. DME has initiated discussions with natural gas end users regarding the purchasing of natural gas after the current contract expires. All necessary permits for current operations are in hand.

## GENERAL WEST PECOS SLOPE ABO GEOLOGY

The DME lease holdings in this area currently comprise of approximately 77,500 acres, (120 sq. miles) located within Chaves County, New Mexico. This large Abo Formation (Permian) field produces helium-bearing gas from sandstones and arkoses with moderate porosity, low permeability with a pressure gradient of about 0.33 psi/ft./ or 7.46 Kpa/m. The pay zones in the DME-operated wells lie at relatively shallow drilling depths of 2,800-3,000ft. (850-975M). Drilling and completion practices are straightforward and include small stimulations of multiple pay zones.

All of the West Pecos Slope Abo gas wells appear to produce helium that, to date, has not been marketed. Consequently, more accurate reserve numbers, specifically NI 51-101 numbers, will be possible after production has begun and has continued for a few months. The Company had reviewed the seller's reserve numbers which were based predominantly on natural gas sales, with very minimal credit given for helium. As previously stated in the 07/06/23 press release, the Company intends to pursue a NI 51-101 filing based on initial production numbers by the end of 2023 into the first quarter of 2024. Processing out the nitrogen from

the gas stream will improve upon the current and long-term price received for the natural gas. Engineering, geology, log analysis and inspection of well records continue, but wells are seen that appear to have untested pay or pay that is not performing as well data might indicate. Both the previous well owner and DME's geologic mapping indicate multiple areas where additional downhole completions in existing wells could be done, as well as areas where infill or step-out drilling has the potential for success.

The Company has taken possession of a workover rig which will be moved to the West Pecos Slope Abo Gas Field by the end of the month. Discussions with a local company are nearly finished. As part of the agreement, the rig will be able to generate revenue for DME when it is not being used for well work.

The Company continues to work with our outside hydrology company in Arizona to explore all options regarding its plan for long-term operations in the state.

#### ABOUT DESERT MOUNTAIN ENERGY

[Desert Mountain Energy Corp.](#) is a publicly traded resource company primarily focused on exploration, development and production of helium, hydrogen and noble gases. The Company is primarily looking for elements deemed critical to the renewable energy and high technology industries.

We seek safe harbor

"Robert Rohlfig"  
Robert Rohlfig  
Exec Chairman & CEO

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