

Thursday 21 March 2013

## Richland and Amerril Oil Projects Update

### Richland Oil Project (Sun 13.54% - 16.67% WI)

Work over operations have commenced on the Richland Oil Project's 4 oil production wells, including installation and commissioning of a jet pump on Ellis #1H horizontal well, and rod pumps on the other two horizontal wells (Beeler #1H and John Beeler #1H):

- **Ellis #1H:** Oil production has re-commenced after a hot oil treatment to clear paraffin build up. Natural flow back has re-commenced. The jet pump has now been installed to increase oil rate; it was being commissioned at the time of this report.
- **Beeler #1H:** The well is being swabbed with ongoing oil production ahead of installation of a rod pump to assist with paraffin clean out and improve fluid recovery in the well.
- **John Beeler #1H and John Beeler #2:** Swabbing is underway on the John Beeler #1H well with ongoing oil production ahead of a decision on the type of pump to be installed. A swab test is also planned on the John Beeler #2 vertical well.

### Amerril Oil Project (Sun 50% WI)

- **Seale #1H:** Drilling of the lateral section has been completed. The current operation is completing thru-bit logging ahead of running production casing to total depth of 15,277 feet, measured depth (MD), resulting in a horizontal section of approximately 7,100 feet. This activity will be followed immediately by the multi-stage fracing of the well. Given the very strong oil shows seen in the vertical Seale #1, the Seale #1H well has been prioritised as the first well to be fraced in the Amerril Oil Project.
- **T.Keeling #1H:** This horizontal well has been cased and is awaiting fracing and flow back operations. This will occur immediately after the fracing of Seale #1H.

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Sun Resources NL (**Sun Resources, Sun or Company**) (ASX:SUR) is pleased to provide the following updates on the activities occurring at its Richland and Amerril Oil Projects located in Leon County, Texas.

### **RICHLAND OIL PROJECT (Sun 13.54 - 16.67% WI)**

The participants in the Richland Oil Project appointed Amerril Energy LLC (**Amerril**) as the Operator of the Richland Oil Project to complete the current work over operations on the Richland Oil Project's 4 oil production wells, including the installation and commissioning of a jet pump on the Ellis #1H horizontal well, a rod pump on the Beeler #1H horizontal well and either a jet pump or a rod pump on the John Beeler #1H horizontal well. Work over activities have now commenced, with the first action being the

installation and commissioning of a jet pump on the Ellis #1H well. This will be followed up by the work overs and swabbing of the Beeler #1H and John Beeler #1H wells, ahead of pump installation.

### **Ellis #1H Horizontal Woodbine Oil Production Well**

The most successful horizontal well in the Richland Oil Project, Ellis #1H, has been chosen for the installation of a high performance jet pump, based on the high natural oil flow rates achieved during the initial flow back period. The jet pump will aim to deliver higher fluid rates (oil, frac fluid and water) than currently achieved on natural flow back. The jet pump that has been installed can extract 1,800 barrels of fluid (oil, frac fluid and water) per day. Clean-up and flow back operations re-commenced on 13 March with a hot oil treatment to remove paraffin, followed by one day of swabbing to restore natural flow of oil and frac fluids from the well. At peak rates, the Ellis #1H well flowed naturally at a rate of up to 700 barrels of fluid per day with up to 40% oil cut. The jet pump has now been installed after the well was swabbed and the well has flowed back naturally for 4 days, with the pump being commissioned at the time of this announcement. The objective of the jet pump is to accelerated frac fluid recovery (currently at 31% recovery) from the toe of the lateral section of the well. By doing this, it is expected that the recovery of fluids will increase, and lead to a higher oil-cut.

### **Beeler #1H Horizontal Woodbine Oil Production Well**

The Beeler #1H horizontal well work over to clean out the paraffin in the well has commenced, ahead of the installation of a rod pump to facilitate accelerated frac fluid recovery. Beeler #1H was fraced with more than 130,000 barrels of fluid, and to date around 11% of those fracing fluids have flowed to surface. The installation of a rod pump is expected to expedite frac fluid recovery.

### **John Beeler #1H (Horizontal) and John Beeler #2 (Vertical) Woodbine Oil Production Wells**

Clean-up and flow back operations have recommenced at the John Beeler #1H and John Beeler #2 wells to recommence oil production. This activity will determine the best pump option to be utilised at each of the John Beeler wells. To date approximately 17-21% of fracing fluids have been recovered from the Woodbine section of both wells.

Sun's earning and working interest in the Beeler #1H well is:

<b>Participant</b>	<b>Earning Interest</b>	<b>Working Interest (WI)</b>	<b>Net Revenue Interest (NRI)</b>
Farmors	0%	18.75%	14.0625%
Steadfast Resources LLC	50%	40.625%	30.4687%
Richland Resources Corp.	16.66%	13.5416%	10.1562%
<b>Sun Resources NL</b>	<b>16.67%</b>	<b>13.5417%</b>	<b>10.1563%</b>
Ameril Energy LLC (Operator)	16.67%	13.5417%	10.1563%
Farmors Overriding Royalty	0%	0%	5%
Lessor Royalty	0%	0%	20%

Sun's working interest in the John Beeler #1H, John Beeler #2 and Ellis #1H wells is:

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
Steadfast Resources LLC	50%	37.5%
Richland Resources Corporation	16.66%	12.5%
<b>Sun Resources NL</b>	<b>16.67%</b>	<b>12.5%</b>
Amerril Energy LLC (Operator)	16.67%	12.5%
Farmors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%

### **AMERRIL OIL PROJECT (Sun 50% WI)**

#### **Seale #1H – Horizontal Woodbine Well**

The Seale #1H horizontal well, Sun's fifth horizontal Woodbine well, was spudded on 19 January 2013 and to date has drilled to a total depth of 15,277 feet MD in the horizontal section of the well bore. This well has delivered 7,100 feet of lateral section in the Woodbine Formation where very strong oil shows (including oil over the shale shakers), were recorded in the Seale #1 vertical well. The well will be cased after thru-bit logging is completed and will be immediately readied for multi-stage fracing of the well. Fracing is scheduled to commence immediately after the drilling rig is de-mobilised from the well location and fracing operations are expected to take approximately one week. Due to the interpreted high quality oil pay in this section of the Woodbine Formation, the Operator, Amerril, has prioritised the fracing of the Seale #1H lateral as the first well to be fraced in the Amerril Oil Project.

#### **T. Keeling #1H (Horizontal) Woodbine Well and Seale #1 (Vertical) Multi-zone Well**

The T. Keeling #1H lateral well and the Seale #1 vertical well have been cased awaiting fracing and flow back operations. Very strong oil shows were observed while drilling the Woodbine section in the vertical Seale #1 well, including 'live oil' over the shale shakers. Excellent oil shows were also recorded while drilling along the length of the T. Keeling lateral and a pressure 'kick' was also recorded after completion of drilling in the lateral, suggesting natural hydrocarbon flow from the horizontal section of the production well bore. The T. Keeling lateral was recently logged using 'thru-bit' logging tools and Sun's interpretation of those logs supports the potential for high quality oil pay in the well. These two wells will likely be fraced after the completion of drilling, fracing and flow back activities in the Seale #1H horizontal well. Sun has a 50% WI in both of these wells.

Sun's working interest in the Seale #1, Seale #1H and T. Keeling #1H wells is:

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
<b>Sun Resources NL</b>	<b>50%</b>	<b>37.5%</b>
Amerril Energy LLC (Operator)	50%	37.5%

**Operational updates will be provided regularly, as significant operational milestones are achieved. For further information please contact:**

**Govert van Ek  
Managing Director**

Telephone: (08) 9388 6501  
Email: [admin@sunres.com.au](mailto:admin@sunres.com.au)

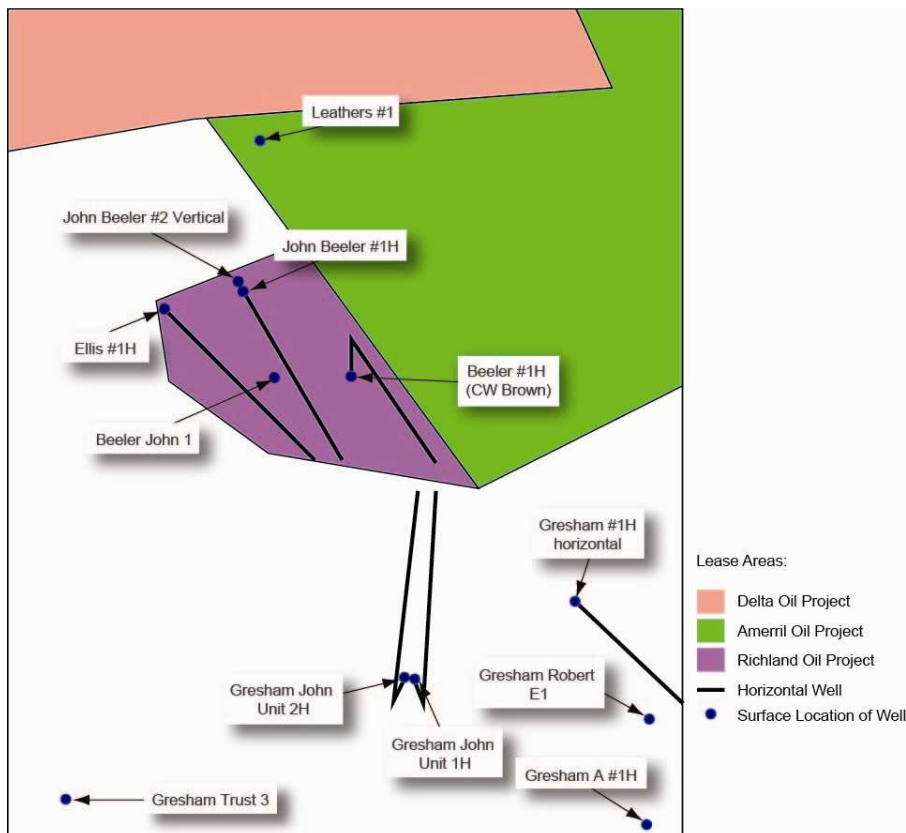
*Information contained in this report was compiled by the Executive Director (Technical) of Sun Resources, Matthew Batrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 32 years' experience in the practice of petroleum geology.*

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**Figure 1: Richland Oil Project (purple): Well locations of Beeler #1H, John Beeler #1H & #2 and Ellis #1H**

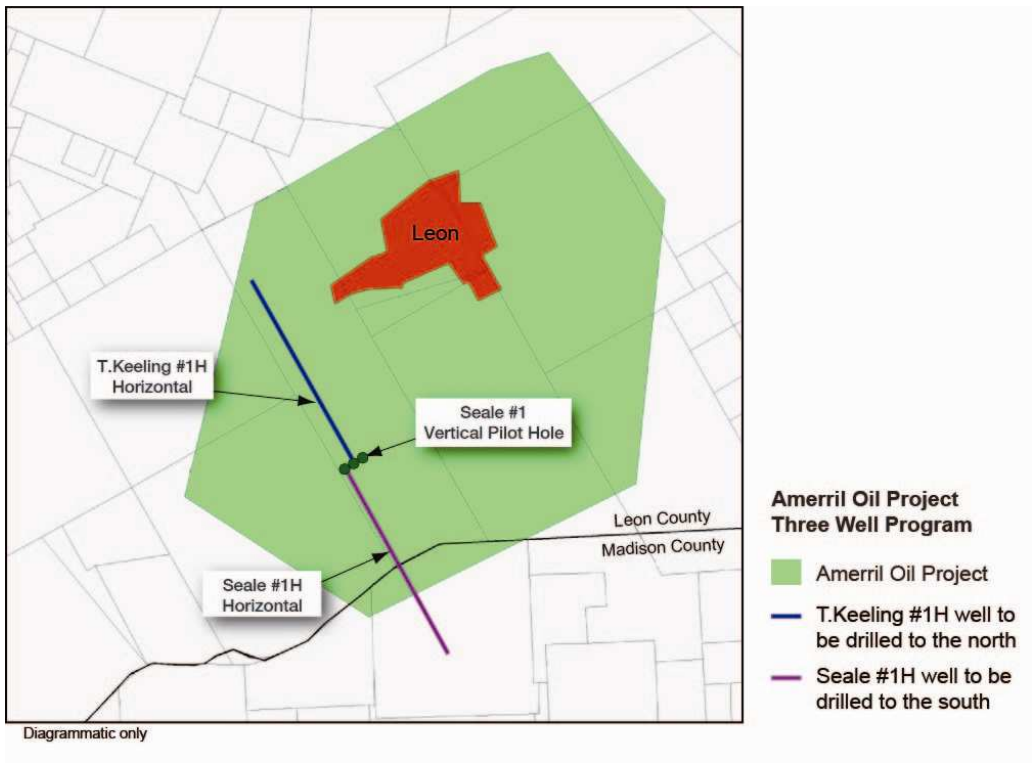


Figure 2: Approximate surface location and orientation of horizontal wells in the SW Leona Area of the Amerril Oil Project.