



Thursday 10 January 2013

## Richland and Amerril Projects Update

### Richland Oil Project:

#### Beeler #1H – Horizontal Woodbine Well

- Clean-up and flow back operations at the Beeler #1H horizontal oil well are continuing with fracking fluid recovery approaching 10% of the total fracking fluids pumped into the well.
- A mixture of oil, gas, frac water and fracking fluids is flowing to surface as clean-up and flow back progresses with the assistance of gas-lift. Initial production (IP) oil flow rates will be reported when 20% to 25% of fracking fluids have been recovered.

#### John Beeler #1H – Horizontal Woodbine Well

- Clean-up and flow back operations on the John Beeler #1H horizontal well have commenced from the 31 successful stages of hydraulic fracking along the 7,300 feet length of the lateral in the Upper Woodbine.
- Approximately 18% of total frac fluids have been recovered to date and a mixture of oil, gas, frac water and fracking fluids is flowing to surface as clean-up and flow back progresses on a very restricted choke and with gas-lift still to be installed.
- Initial production (IP) oil flow rates will be reported when 20% to 25% of fracking fluids have been recovered.

#### John Beeler #2 – Vertical Fracced Woodbine Well

- Clean-up and flow back operations of the John Beeler #2 vertical well are being conducted in parallel with the John Beeler #1H horizontal well flow back operations. Clean-up and flow back operations are occurring over the 6 frac stages: Sub-Clarksville, Upper, Middle and Lower Woodbine, Lower Eagle Ford Shale and the Buda Formations.

#### Ellis #1H – Horizontal Woodbine Well

- A 20-stage fracking and completion operation has commenced on the 7,000 foot, Middle Woodbine, Ellis #1H horizontal well and it is expected to be completed by 18 January 2013. Flow back and clean-up operations are likely to commence by late January 2013.
- The John Beeler #1H and John Beeler #2 wells have been shut in while the Ellis #1H frac job is underway in order to avoid any risk of communication between fractures.

### Amerril Oil Project:

#### T. Keeling #1H – Horizontal Woodbine Well

- The T. Keeling #1H horizontal well has drilled to 13,976 feet measured depth (MD) and is drilling ahead toward a proposed total depth (TD) of 14,730 feet MD in the lateral section

of the well. Approximately 6,000 feet of horizontal section has been drilled to date in the Middle Woodbine Formation, where strong oil shows were recorded in the Seale #1 vertical well. The rig will move to the Seale #1H well once drilling and casing operations are complete at T. Keeling #1H.

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

#### **RICHLAND OIL PROJECT:**

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

Clean-up and flow back operations at the Beeler #1H horizontal well are continuing with the assistance of recently installed gas lift equipment. Beeler #1H was fraced with more than 130,000 barrels of water and fracing ingredients and to date only approximately 10% of the fracing fluids have flowed to surface and been recovered.

Typically in a well such as this 20% to 25% of recovery of fracing fluids (some 30,000 barrels) is necessary before an accurate, reliable initial production (**IP**) oil flow rate can be determined. A mixture of oil, gas, frac water and fracing fluids is currently flowing to surface as clean-up and flow back progresses and the oil that has flowed to surface to date is being sold.

##### **John Beeler #1H Horizontal Woodbine Well**

Clean-up and flow back operations at the second Upper Woodbine horizontal oil well John Beeler #1H have commenced on the 31 successful hydraulic frac stages across the 7,300 feet length of the lateral. Approximately 18% of total frac fluids have been recovered to date and a mixture of oil, gas, frac water and fracing fluids is flowing to surface as clean-up and flow back progresses, on a very restricted choke and with gas-lift still to be installed.

##### **John Beeler #2 Vertical Woodbine Well**

The John Beeler #2 vertical well successfully hydraulically fraced 6 stages across all stacked prospective oil zones, including the Sub-Clarksville, Upper, Middle and Lower Woodbine, the Lower Eagle Ford Shale and the Buda Formation. Clean-up and flow back of this well have commenced and are being conducted in parallel with the John Beeler #1H well, with efforts being made to detect the contributions to well productivity from individual zones.

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

The third horizontal well in the current multi-well drilling campaign, Ellis #1H, is currently being fraced across approximately 20 stages along its 7,000 foot lateral well section. The fracing operations are expected to be completed by 18 January 2013. Clean-up and flow back operations are expected to commence in late January 2013.

The John Beeler #1H and John Beeler #2 wells have been shut in while the Ellis #1H frac job is underway in order to avoid any risk of communication between fractures.

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

Participant	Earning Interest	Working Interest (WI)	Net Revenue Interest (NRI)
Farmors	0%	18.75%	14.0625%
Steadfast Resources LLC	50%	40.625%	30.4687%
Richland (Operator)	16.66%	13.5416%	10.1562%
<b>Sun Resources NL</b>	<b>16.67%</b>	<b>13.5417%</b>	<b>10.1563%</b>
Amerill Energy LLC	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 are:

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

### **AMERRIL OIL PROJECT:**

#### **T. Keeling #1H – Horizontal Woodbine Well**

The T. Keeling #1H lateral well has reached a depth of 13,976 feet measured depth (MD) in the horizontal well section and is drilling ahead toward a total depth (TD) of 14,730 feet MD. Approximately 6,000 feet of horizontal well bore has been drilled (lateral) to date in the Middle Woodbine Formation.

Strong oil shows, including oil over the shale shakers, were observed while drilling this section in the vertical Seale #1 well.

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

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

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



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

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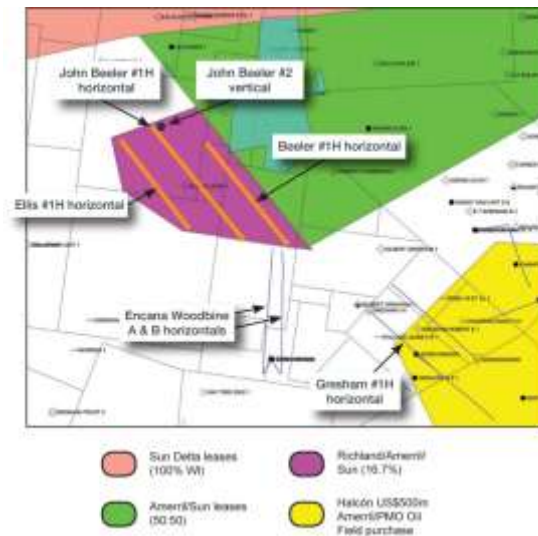


Figure 1: Richland Oil Project (purple): Well locations of Beeler #1H, John Beeler #1H & #2 and Ellis #1H

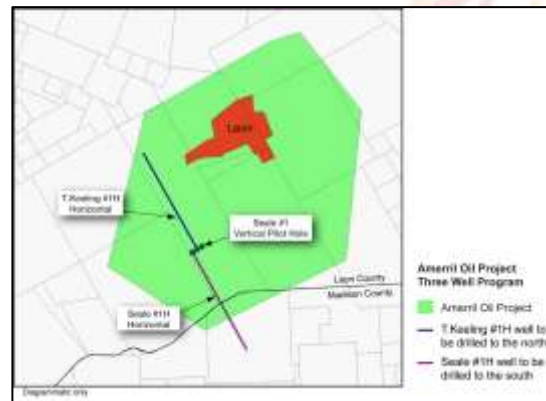


Figure 2: Approximate surface location and orientation of horizontal wells in the SW Leona Area of the Amerril Oil Project.