



Monday 6 May 2013

Ameril Oil Project Update

Ameril Oil Project (Sun 50%WI)

Summary:

- **Seale #1H:** The Operator, Ameril Energy LLC (**Ameril**), is preparing to commence flow back from seven of the 23 frac stages after the drill bit used to drill out frac plugs broke off during drilling of plug seven. Attempts to retrieve the bit were unsuccessful and the well participants have decided to flow back the well to reduce well pressure and test the seven fracs open to the wellbore before considering a further retrieval operation.
- **T. Keeling #1H:** Ameril will conduct a multi-stage fracing operation on the horizontal section of this well after an initial period of flow back from the Seale #1H well.

Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) hereby provides an update on the activities occurring at its Ameril Oil Project located in Leon County, Texas, USA.

AMERRIL OIL PROJECT (Sun 50% WI)

Seale #1H – Horizontal Woodbine Well

The Seale #1H well, has been drilled, logged, cased and fraced for production. A total of 23 stages were fraced with proppant placed over 6,800 feet of the horizontal section of the well bore. During routine drill-out of the bridge plugs set between each frac stage, the drill bit broke off from the mud motor while drilling plug number seven. Several attempts were made to retrieve the drill bit without success. These attempts have been hampered by high well pressures and the decision was made to reduce well pressure by opening the well to flow before considering further retrieval attempts. This will also allow early assessment of the oil flow potential of the first seven fracs in the horizontal well between 7,898 feet and 9,104 feet. The Operator advises that it is most likely to assume that there will be no flow past plug seven and the broken off drill bit.

Approximately 48,000 barrels of frac fluid were pumped into the seven frac stages and a proportion of this fluid must be recovered before hydrocarbons begin to flow. The anticipated flow rate from the seven fracs will be expectedly proportionally less than that from the full 23 fracs placed in the horizontal; nevertheless the stabilised flow rate should provide a reasonable assessment of the Lower Woodbine in the Seale #1H well.

After an initial flow back period, the Seale #1H horizontal well will be shut-in for safety reasons to facilitate the multi-stage fracing of the T. Keeling #1H horizontal Lower Woodbine well which has been drilled from the same drilling pad. These two Lower Woodbine wells will then be flowed back at the same time when the frac job on T. Keeling #1H is completed.

Dr Govert van Ek, the recently appointed Managing Director of Sun commented:

“It is disappointing to not have been able to remove the broken drill bit out of the hole. However, the well participants decided it was safer to cease retrieval operations whilst the well pressure was high and to avoid the risk of losing the well entirely. We expect the Operator to attempt retrieval operations in the future. With only 7 of the 23 stages to contribute to flow (as the drill bit and plugs will likely block flow down hole of it), we expect a proportionately reduced flow rate. Whilst there are an increasing number of successful wells in the Lower Woodbine play now and Sun already has a material acreage position across this resource play, the immediate focus for Sun now is (a) assessing the flow potential of these seven fracs in the horizontal well between 7898 feet and 9104 feet and (b) working with the Operator to ensure successful fracing of the T. Keeling #1H horizontal Lower Woodbine well which has been drilled from the same drilling pad, in order to demonstrate the oil pay potential of the Lower Woodbine.”

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

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
Sun Resources NL	50%	37.5%
Amerriil Energy LLC (Operator)	50%	37.5%

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Geological information contained in this report was compiled by the Executive Director, Technical 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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