



Thursday 18 October 2012

## **Richland Oil Project Update – Fourth Well**

### **Beeler #1H**

- Sun's first Woodbine horizontal well, Beeler #1H, has been prepared to commence a multi-stage fracking process, having received all permit approvals this week. The multi-stage fracture stimulation program on the 6,100 feet lateral is due to be fraced and completed by late October 2012.

### **John Beeler #1H**

- Sun's second Woodbine well, John Beeler #1H, has reached total depth and has been cased for fracking and production. The drilling operations have delivered approximately 7,300 feet of lateral well bore in the target Woodbine A Formation, the same zone being completed in the adjacent Beeler #1H well. The Operator currently expects to finish the multi-stage fracking process and complete the well for production in early to mid-November 2012, after the drilling of a fourth well, named John Beeler #2.

### **Ellis #1H**

- Sun's third Woodbine well, Ellis #1H, spudded on 7 October 2012 and the vertical pilot hole has been drilled to a depth of 7,081 feet measured depth. Wireline logs have now been run and the current operation is setting cement plugs to 'kick-off' and drill the horizontal well bore.
- The wireline logs have confirmed the continuous westerly extension of the stacked hydrocarbon pay zones; two within the Woodbine Formation and one within the Sub-Clarksville Formation. Drilling, fracking and completion of the Ellis #1H horizontal well is currently scheduled for late November 2012.

### **Fourth Well – John Beeler #2 – Fraced Vertical Well**

- Sun and its Joint Venture partners have agreed to immediately drill and frac a fourth Woodbine well, the John Beeler #2 well, from a surface location immediately adjacent to the John Beeler #1H well head.
- The John Beeler #2 well will be a vertical fraced well to test the production potential of all of the stacked targets in the prospective section; namely the Sub-Clarksville, Eagle Ford, Upper & Lower Woodbine and Buda formations. Most of these zones have been identified as hydrocarbon-bearing in all three pilot holes. The John Beeler #2 vertical well will also be fraced and completed for production testing across all these prospective zones.
- The Operator currently expects to spud the John Beeler #2 well in coming days, subject to the necessary approvals and completion of the short rig move from the John Beeler #1H surface location. The vertical well should take approximately 10 days to drill and case. Drilling, fracking and completion for production of the John Beeler #2 well is expected to be completed in mid to late-November 2012.

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Sun Resources NL (**Sun Resources, Sun** or the **Company**) (ASX:SUR) is pleased to provide an update on the drilling activities in the Richland Oil Project, Leon County Texas, including the addition of a fourth vertical well to be drilled and fraced immediately, subject to receipt of necessary approvals.

### **First Woodbine Well - Beeler #1H - at Total Depth, Multi-Stage Frac Imminent**

The Beeler #1H horizontal well has been cased for production, delivering a horizontal section (lateral) of approximately 6,100 feet in length. The Nabors M47 rig was released and is now drilling Sun's third well in the Richland Oil Project, the Ellis #1H horizontal well. All necessary infrastructure at the well site has been constructed and all necessary permitting completed. The fracing crew is expected on site this week at the Beeler #1H well location to conduct the multi-stage fracing process and to bring the well onto production. This final operational phase should be completed over the next 14 days.

### **Second Woodbine Well - John Beeler #1H - Completed Horizontal Section**

The John Beeler #1H well has drilled to a total depth of 14,200 feet measured depth (MD) in the horizontal section of the well, delivering a lateral section of approximately 7,300 feet in the Woodbine A (upper) Formation, the same zone that is being completed in the Beeler #1H lateral. The next operation will be to run production casing in the horizontal well bore section and release the Basin 102 rig to skid across to drill the John Beeler #2 vertical development well.

The fracing crew will arrive on the John Beeler #1H location after completion of fracing operations on the Beeler #1H well and completion of drilling the John Beeler #2 well. The John Beeler #1H horizontal production well is currently expected to be drilled, fraced and completed by early to mid-November 2012.

### **Third Woodbine Well – Ellis #1H – Pilot Hole Spudded 7 October 2012**

The third well in the current multi-well drilling campaign, Ellis #1H, spudded using the Nabors M47 rig on 7 October 2012. The vertical pilot hole was drilled to a total depth of 7,081 feet MD and has been logged.

The wireline logs have been interpreted as showing three separate hydrocarbon-bearing zones within the prospective Eaglebine section, all with similar interval thicknesses of the two wells to the east. The first is the Sub-Clarksville target below the Austin Chalk, which again indicates 60 feet (20m) of gross pay. The second zone is the Woodbine A, with 100 feet (30m) of pay identified, and the third, approximately 100 feet (30m) of gross pay identified in the Woodbine B sand section. Sun believes these pay intervals are equivalent to the oil-producing horizontal wells drilled by Encana, immediately to the south of the lease area.

The logging results of the vertical pilot hole confirm the potential in the Woodbine at two levels and the Sub-Clarksville at this location, delivering three target zones for horizontal wells. The log section in

each case appears better than nearby historical vertical wells and in line with expectations based on oil-productive horizontal offset wells.

The current operation on the Ellis #1H well is setting cement plugs in the pilot hole before 'kicking-off' to drill the horizontal well bore into the target Woodbine A horizon. The Ellis #1H lateral production well is currently expected to be drilled, fraced and completed by late November 2012.

#### **Fourth Woodbine Well – John Beeler #2 – Spud Imminent**

Sun and its Joint Venture partners have agreed to immediately drill and fracc a fourth Woodbine well, the John Beeler #2 well, from a surface location immediately adjacent to the John Beeler #1H well head.

The John Beeler #2 well will be a vertical fraced well to test the production potential of the stacked pay zones in this area; including the Sub-Clarksville, Eagle Ford Shale, Upper & Lower Woodbine and Buda formations. Most of these zones have been identified as hydrocarbon-bearing in all three pilot holes. The John Beeler #2 well will also be fraced and completed for production testing across all these prospective zones.

A vertical fraced well in this project area will be much cheaper (approximately US\$2 million gross, US\$350,000 net to Sun). Accordingly, while the total combined flow rate might be lower than the laterals in the Upper Woodbine, the cost-benefit analysis indicates this will deliver a commercial outcome at the same time as confirming the stacked pay potential in the region.

The Operator currently expects to spud the John Beeler #2 well in coming days, subject to the necessary approvals and completion of the short rig move from the John Beeler #1H surface location. The well should take approximately 10 days to drill and case. Drilling, fracing and completion for production of the John Beeler #2 vertical well is expected to be completed in mid to late-November 2012.

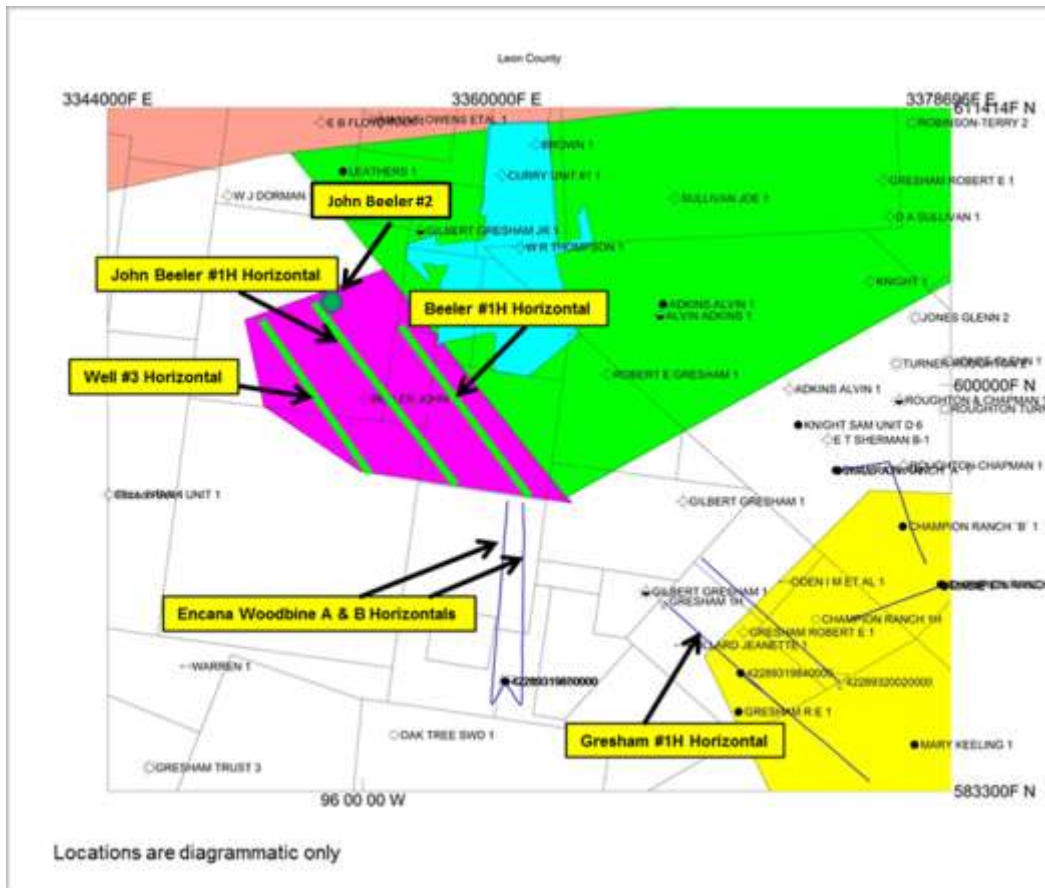


Figure 1: Richland Oil Project (purple): Well locations of Beeler #1H, John Beeler #1H & #2 and Ellis #1H.

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

Participant	Earning Interest	Working Interest (WI)	Net Revenue Interest (NRI)
Farminors	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>
Amerril	16.67%	13.5417%	10.1563%
Farminors 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>
Amerril	16.67%	12.5%
Farminors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%



**Further drilling 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 30 years' experience in the practice of geology and 31 years' experience in petroleum geology.*

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