

Tuesday 19 February 2013

Richland and Amerril Projects Update

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

- **Beeler #1H:** The Operator is planning to install a moderate flow rate Rod Pump to assist paraffin clean out and improve fluid recovery in the well. This activity is expected to be completed by late February.
- **Ellis #1H:** This is the most successful horizontal well in the current program, and the Operator will install a high flow rate Jet Pump to deliver higher fluid rates. The pump installation is expected to be completed by late February.
- **John Beeler #1H and John Beeler #2:**
 - Clean-up and flow back operations on these two production wells have been temporarily suspended while the pumping equipment is installed on Beeler #1H and Ellis #1H.
 - Both wells will remain shut-in while the flow is monitored from Beeler #1H and Ellis #1H on pump, with the data being used to determine the best pump option for the two John Beeler wells.
- Fracing fluid recovery to date across the Richland Oil Project's wells varies from around 11 to 31%.
- To date, a total of approximately 7,000 barrels of oil have been produced from the three laterals to the end of January 2013 (gross 100%WI).

Amerril Oil Project (Sun 50% WI):

- **Seale #1H:**
 - This horizontal well was spudded on 19 January 2013. The current operation is drilling ahead below 8,700 feet, measured depth (MD), in the horizontal section of the well.
 - Given the very strong oil shows seen in the vertical Seale #1, the Seale #1H well has now been prioritised as the first well to be fraced in the Amerril Oil Project area.
- **Seale #1 (Vertical) and T.Keeling #1H:** Both wells have been cased awaiting fracing and flow back operations. This is likely to occur post the completion of drilling, fracing and flow back activities in Seale #1H.

Sun Resources NL (Sun Resources, Sun or Company) (ASX:SUR) is pleased to provide 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):

Beeler #1H Horizontal Woodbine Oil Production Well

The Operator is currently undertaking a work over of the Beeler #1H horizontal well (locally renamed CW Brown #1H when brought into production) to clean out the paraffin in the well. During this period operations have been suspended. While the flow back is suspended, the Operator will also install a rod pump to facilitate further frac fluid recovery and maintain approximately 300-500 barrels of fluid recovery per day. This operation will follow the activities on the Ellis #1H well. Beeler #1H was fraced with more than 130,000 barrels of fluid, and to date around 11% of the fracing fluids have flowed to surface and been recovered. The installation of the rod pump is expected to expedite frac fluid recovery.

Ellis #1H Horizontal Woodbine Oil Production Well

The most successful horizontal well in the multi-well program, Ellis #1H, has been chosen for the installation of a high performance jet pump, based on the high natural flow rates achieved during the initial flow back period. The pump will aim to deliver higher fluid rates (oil and frac water) than currently achieved. The jet pump is expected to deliver 500-1,500 barrels of fluid per day and will endeavour to 'unload' more frac water (currently at 31% recovery) from the toe of the lateral. The pump installation is due to commence this week and is scheduled to be completed in late February. Clean-up and flow back operations will re-commence when the jet pump is installed and the work over rig has been moved to the Beeler #1H location.

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

Clean-up and flow back operations at these two wells; John Beeler #1H (JB#1H) and John Beeler #2 (JB#2) have been temporarily suspended while the work over rig installs the pumps on Beeler #1H and Ellis #1H and monitors their performance while on pump. This activity will determine the best pump option for the two John Beeler wells. To date approximately 17-21% of fracing fluids have been recovered from the Woodbine section of both wells, with oil continuing to flow from JB#1H and oil cut beginning in JB#2 as anticipated.

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%
Sun Resources NL	16.67%	13.5417%	10.1563%
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%
Sun Resources NL	16.67%	12.5%
Amerril Energy LLC	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 well, Sun's fifth horizontal Woodbine well, was spudded on 19 January 2013 and is currently operating below a depth of 8,700 feet MD in the horizontal section of the well bore. This well is targeting greater than 6,000 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. Due to the interpreted high quality oil pay in this section of the Woodbine Formation, the Operator, Amerril Energy LLC, expects to prioritise the fracing of the Seale #1H lateral to be the first well 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 are:

Participant	Working Interest (WI)	Net Revenue Interest (NRI)
Sun Resources NL	50%	37.5%
Amerril 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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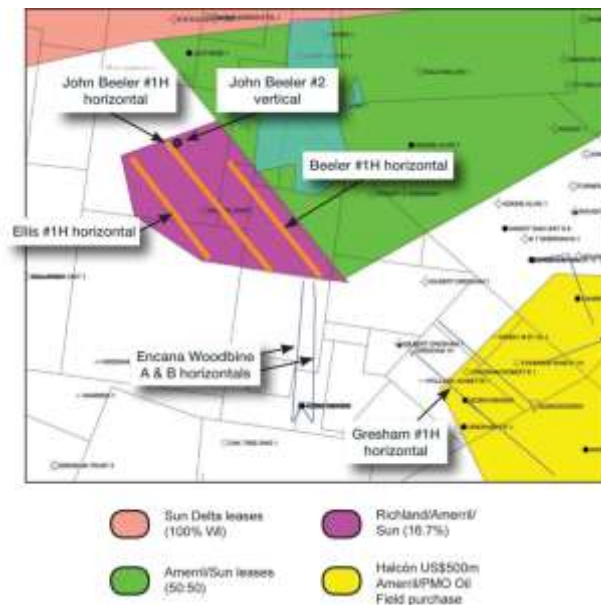


Figure 1: Richland Oil Project (purple): Well locations of Beeler #1H, John Beeler #1H & #2 and Ellis #1H

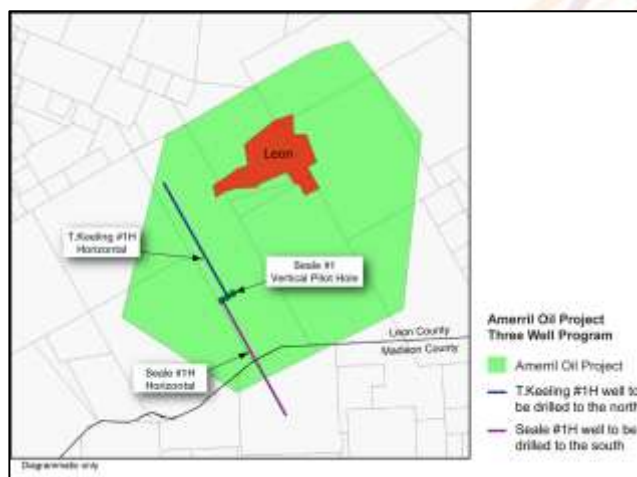


Figure 2: Approximate surface location and orientation of horizontal wells in the SW Leona Area of the Ameril Oil Project.