



Monday 5 August 2013

T. Keeling Well – Frac Complete, Flowback Commenced

Amerril Oil Project (Sun 50% WI)

- **T. Keeling #1H Well:** The Operator, Amerril Energy LLC (**Amerril**), has commenced flow back operations at the T. Keeling #1H horizontal well after a five-stage fraccing operation.
 - After 8 days of flow back, the well has only recovered ~20% of the frac fluids and has so far recorded a trace of hydrocarbons throughout.
 - Frac fluid flow rates from the 5 completed stages attained a maximum of 100 barrels per hour and have maintained an average 10 barrels per hour natural flow as frac and reservoir pressure has been drawn down.
 - A jet pump will now be installed as planned to continue flow back operations.
 - A further 5,500 feet of lateral well length, which will allow for a further 18 frac stages, is available for fraccing and testing after completion of testing of the initial 5 frac stages.
- **Seale #1H Well:** The Operator intends to shortly return the Seale #1H well to flow back operations in parallel with the continuation of flow back at the adjacent T. Keeling #1H well.

Sun Resources NL (**Sun Resources**, **Sun** or the **Company**) (ASX:SUR) hereby provides an update on its 2 horizontal wells in the Amerril Oil Project located in Leon County, Texas.

Amerril Oil Project (Sun 50% WI)

The Operator, Amerril, has completed the test frac of the T. Keeling #1H horizontal well. The fraccing operations consisted of an initial 5 stages across the first 1,500 feet of the 'toe' of the lateral section of the well.

All 5 stages were fraced using the new design parameters with an average of 360,000 pounds of proppant placed in each stage. Initial flow back rates peaked at up to 100 barrels per hour and this reduced as fraccing and reservoir pressure was bled off, to an average of 10 barrels per hour (240 barrels per day). After eight days of flow back, the amount of frac fluid recovered had reached ~20% of the total pumped. A trace of hydrocarbons has been recorded throughout the flow back period so far. Amerril estimates approximately 30-35% of frac fluids need to be recovered before we are likely to see appreciable oil rates. A jet pump will now be installed and the well returned to flow back to allow further frac fluids to be recovered.

Once the first phase of 5 frac stages is flow tested at the T. Keeling #1H horizontal well, Amerril and Sun will determine the most optimal frac plan for the balance of the 5,500 feet of the lateral section of the well, which Amerril and Sun estimate will provide an additional 18 frac stages for testing.

The Operator intends to shortly return the Seale #1H horizontal well to flow back to continue to recover frac fluid and seek to increase the oil cut in the fluid flow. A further attempt to remove the previously stuck mill bit in the well may be made pending an ongoing technical evaluation. Prior to shutting in this well for fishing operations and the T. Keeling frac job, Seale #1H had recovered ~9% of fluids pumped and was delivering ~122 barrels per day of frac fluids with a 10% oil cut from 40 days of flow back, aided by a jet pump.

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Geological 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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