



Thursday 1 November 2012

## **Richland Oil Project Update**

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

- Fracing operations are underway at Sun's first Woodbine horizontal well, Beeler #1H. The 26-stage fracture stimulation program on the 6,100 feet horizontal well bore section ("lateral") within the Upper Woodbine Formation (Woodbine 'A') is scheduled to be completed by Tuesday of next week.

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

- Sun's second Woodbine horizontal well, John Beeler #1H, is cased and awaiting fracing operations on the 7,300 feet of horizontal well bore in the target Woodbine 'A' Formation. The Operator currently expects to conduct the multi-stage fracing process and complete the well for production by 15 November 2012, after completion of fracing operations at Beeler #1H.

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

- Sun's fourth well in the multi-well drilling and fracing program on the Richland Oil Project, John Beeler #2, was spudded on 20 October, has been drilled to a total vertical depth of 7,200 feet (MD) and has now been logged and cased ready for fracing and completion.
- The John Beeler #2 well will be a vertical, fraced production well to test the potential of all of the stacked targets identified in the prospective section; namely the Sub-Clarksville, Eagle Ford Shale, Upper, Middle & Lower Woodbine, plus the Buda Formation. Most of these zones have been identified as hydrocarbon-bearing in all three pilot holes as well as in John Beeler #2.
- The John Beeler #2 well will be fraced immediately after the completion of the multi-stage fracing operation on the John Beeler #1H lateral.

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

- Sun's third Woodbine horizontal well, Ellis #1H, which spudded on 7 October 2012, is currently at a depth of 12,511 feet measured depth (MD) in the horizontal well bore section.
- The lateral well is targeting the Middle Woodbine Formation (Woodbine 'B'), immediately below that drilled in the first two lateral wells, Beeler #1H and John Beeler #1H. Drilling and completion of the Ellis #1H lateral is currently scheduled for early November with multi-stage fracing scheduled for late November 2012 (following fracing operations at John Beeler #2).

Sun Resources NL (**Sun Resources, Sun or Company**) (ASX:SUR) is pleased to provide an update on the drilling activities in the Richland Oil Project, Leon County, Texas.

#### **First Woodbine Well - Beeler #1H - Multi-Stage Frac Underway**

The Beeler #1H horizontal well has been cased for production, delivering a horizontal section (lateral) of approximately 6,100 feet in length. The fracing crew is on site and completing with the 26-stage fracing process to bring the well into production. Completion of the fracing operation is expected by Tuesday of next week. The well will then be tested with a flow-back and clean-up process to recover fracing fluids ahead of the measurement of final hydrocarbon flow rates.

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

The John Beeler #1H well has had production casing run and cemented in the 7,300 feet horizontal well bore section. The fracing crew is expected to arrive on the John Beeler #1H location immediately after completion of fracing operations on the Beeler #1H well. The John Beeler #1H horizontal production well is currently expected to be fraced and completed by 15 November 2012.

#### **Third Woodbine Well – Ellis #1H – Drilling the Lateral Well Section**

The third well in the current multi-well drilling campaign, Ellis #1H, has had intermediate casing set and is currently performing a wiper trip in the horizontal well section (lateral) at a depth of 12,511 feet MD. Total depth for the Ellis #1H lateral well is expected to be 15,045 feet MD. 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 – Vertical Well Drilled and Cased for Fracing**

The John Beeler #2 well was drilled from a surface location immediately adjacent to the John Beeler #1H well head. The vertical development well was spudded on 20 October and reached total depth of 7,200 feet MD. The well was logged and cased ready for a vertical fracing process 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. Fracing and completion for production testing of the John Beeler #2 vertical well is expected to be completed in mid to late-November 2012. The Basin 102 rig has now been released from the Richland Oil Project area.

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>
Amerril	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>
Amerril	16.67%	12.5%
Farmors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%

**Further drilling and completion 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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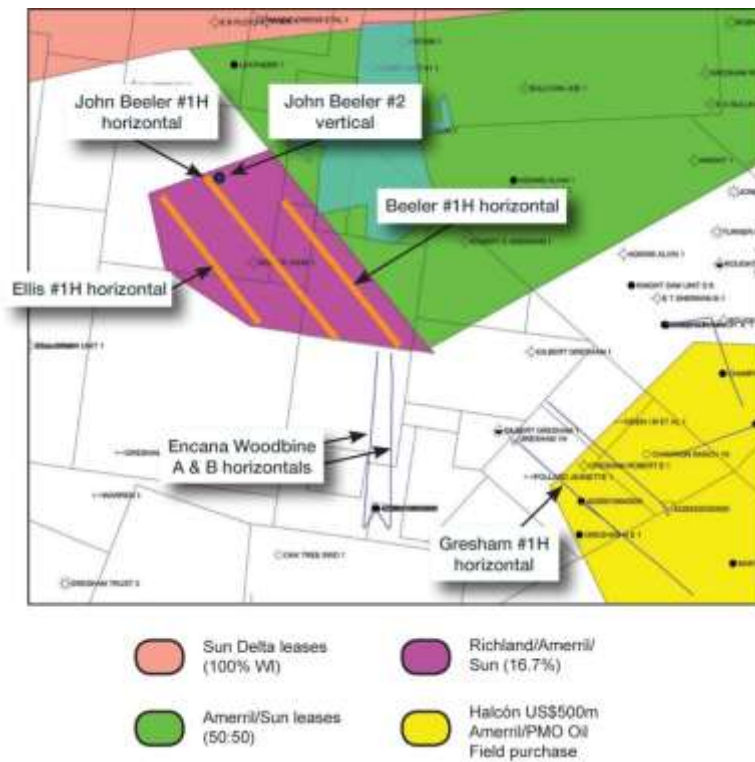


Figure 1: Richland Oil Project (purple): Well locations of Beeler #1H, John Beeler #1H & #2 and Ellis #1H