



Thursday 20 December 2012

## **Richland Oil Project Update**

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

- Clean-up and flow back operations at the Beeler #1H horizontal well are continuing. Around 10% of the fracing fluids have now flowed to surface and been recovered; typically in a well such as this, 20% to 25% recovery of fracing fluids is necessary before an accurate, reliable initial production (IP) oil flow rate can be determined.
- A mixture of oil, gas, frac water and fracing fluids is currently flowing to surface as clean-up and flow back progresses on a very restricted surface choke. The oil that has flowed to surface to date was sold yesterday from the oil tank battery.

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

- Fracing operations on the John Beeler #1H horizontal well have been completed with a total of 31 successful stages of hydraulic fracing along the 7,300 feet length of the lateral in the Upper Woodbine.
- Clean up and flow back operations will commence this weekend and are expected to be completed in early 2013.

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

- The John Beeler #2 vertical well has been successfully hydraulically fraced over the 6 planned stages covering the Sub-Clarksville, Upper, Middle and Lower Woodbine, Lower Eagle Ford Shale and the Buda Formations.
- Clean up and flow back operations will be conducted in parallel with the John Beeler #1H horizontal well flow back operations and are expected to be completed in early 2013.

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

- Multi-stage fracing and completion of the 7,000 foot Ellis #1H horizontal well is expected to be completed by 12 January 2013.

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

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

Clean-up and flow back operations at the Beeler #1H horizontal well are continuing. Beeler #1H was fraced with more than 130,000 barrels of water and fracing ingredients. To date, only 10% of the fracing fluids have flowed to surface and been recovered; typically in a well such as this 20% to 25% of recovery of fracing fluids (some 30,000 barrels) is necessary before an accurate, reliable initial production (IP) oil flow rate can be determined.

A mixture of oil, gas, frac water and fracing fluids is currently flowing to surface as clean-up and flow back progresses on a very restricted surface choke setting. Installation of gas-lift equipment has been completed but not yet activated by the Operator. The oil that has flowed to surface to date was sold yesterday from the oil tank battery. Choke sizes will be gradually increased and activation of gas-lift will occur over the next 7 days.

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

The Operator of the John Beeler #1H has completed 31 successful hydraulic frac stages across the 7,300 feet length of the lateral. Clean-up and flow back operations will commence this weekend and are expected to be completed by early 2013.

### **John Beeler #2 Vertical Woodbine Well**

The John Beeler #2 vertical well has been hydraulically fraced with 6 successful stages across all stacked prospective oil zones, including the Sub-Clarksville, Upper, Middle and Lower Woodbine, the Lower Eagle Ford Shale and the Buda Formation. Clean up and flow back of this well will be conducted in parallel with the John Beeler #1H well and efforts will be made to detect the contributions to well productivity from individual zones.

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

The third horizontal well in the current multi-well drilling campaign, Ellis #1H, is expected to be fraced and completed by 12 January 2013.

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

<b>Participant</b>	<b>Earning Interest</b>	<b>Working Interest (WI)</b>	<b>Net Revenue Interest (NRI)</b>
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>
Amerill	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:

<b>Participant</b>	<b>Working Interest (WI)</b>	<b>Net Revenue Interest (NRI)</b>
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>
Amerill	16.67%	12.5%
Farmors Overriding Royalty	0%	5%
Lessor Royalty	0%	20%

**Further updates will be provided regularly, as significant operational milestones are achieved.  
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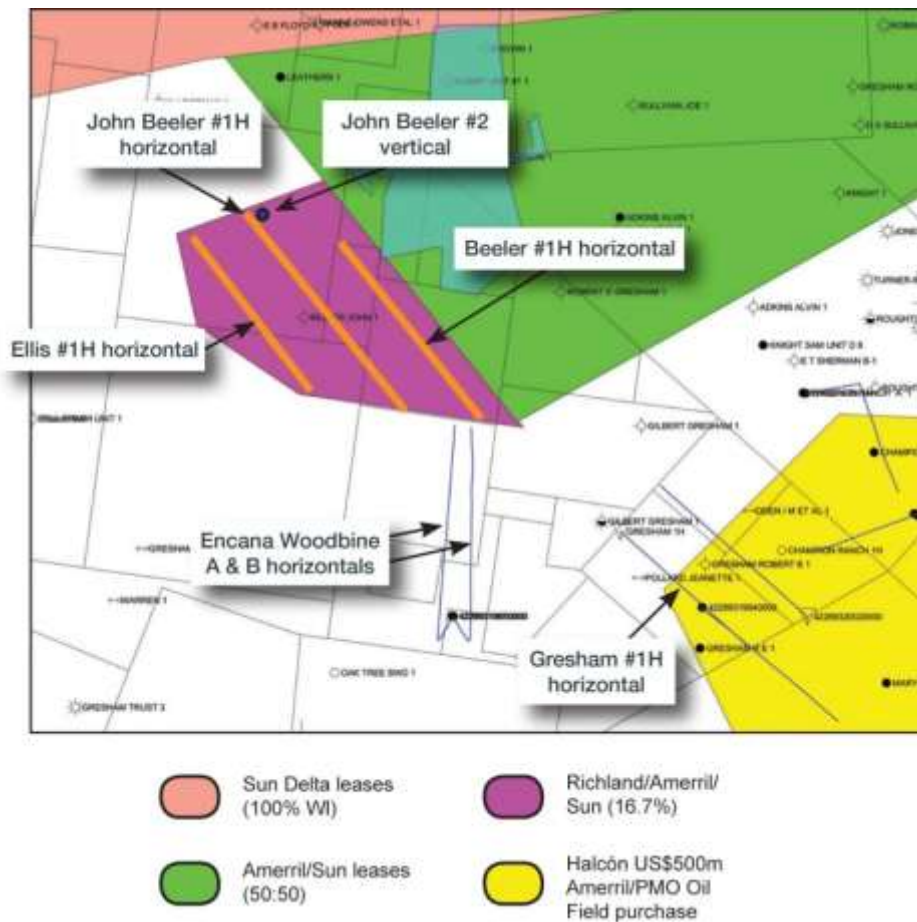
*Information contained in this report was compiled by the Managing Director of Sun Resources, Matthew Battrick, BSc (Geol), MPESA, MPESGB, MAAPG, GAICD who has more than 32 years' experience in the practice of petroleum geology.*

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