

Grieve Field, Wyoming Grieve #39A Progress

HIGHLIGHTS

- The well spudded at 2am on 25th June (US date and MDT time).
- 12 1/4" surface hole has been drilled to 1535', and 9 5/8" surface casing set and cemented.
- 8 3/4 " hole has been drilled to a depth of 6310' at 6.26pm on 1st July (US date and MDT time)
- Elevated gas readings and oil shows have been encountered during drilling in sections interpreted from cuttings to be predominantly shale or siltstone; the relevance of these will be determined after electric logging of the well at Total Depth (TD).
- It is expected that the Muddy Sandstone coring point at 6580' will be reached tomorrow night.

BACKGROUND

The location for Grieve #39A is adjacent to the existing Grieve #39 well, which historically has produced more than 600,000 barrels of oil from the Muddy Sandstone. The primary objective for the well is to obtain fresh core material from the Muddy Sandstone reservoir to allow finalisation of laboratory studies, as well as allow independent reserves verification, final facilities design and updated economics leading to a Final Investment Decision for a Phase 1 chemical flood EOR project in the Grieve Field. A secondary objective is to fully evaluate the Grieve shallow sandstone reservoirs overlying the Muddy Sandstone, which were previously interpreted as being potentially oil-bearing in the field area.

PROGRESS

Since the last report on 25th June 2009, the rig mobilisation has been completed, the well has spudded, surface hole has been drilled and surface casing run and cemented at 1535'. Subsequently the well has drilled to a depth of 6310' (10.30 am 2nd July Sydney time). During the drilling of this section, elevated gas readings and oil shows have been encountered, predominantly in sections interpreted from cuttings to be fine-grained shales and siltstones. These will be further evaluated by electric logs obtained when the well reaches TD. The current forward schedule is that the Muddy Sandstone coring point is expected to be reached by tomorrow morning (Sydney time) and that the coring of the Muddy Sandstone and the drilling to TD should be completed in the following 2 days. Formation tops will be provided once logging at TD is completed, but preliminary well-site interpretation indicates a geological section as predicted.

PREDICTED FORMATION TOPS.

Formation Top	Measured Depth (ft)	Formation Top	Measured Depth (ft)
Phayles	1360	Muddy Sandstone	6568
Shannon Sandstone	3303	Muddy Unit C	6604
First Frontier	5687	Muddy Unit B	6616
Second Frontier	5890	Muddy Unit A	6640
Third Frontier	6087	Thermopolis Shale	6681
Mowry Shale	6296	Total Depth	6900

On behalf of the Board.



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