

Strata-X First Oil Sales Illinois Basin Oil Project

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DENVER, COLORADO and BRISBANE, QUEENSLAND and VANCOUVER, BRITISH COLUMBIA--(Marketwired - Jun 5, 2014) - The directors and management of [Strata-X Energy Ltd.](#) ("Strata-X" or the "Company") (TSX VENTURE:SXE)(ASX:SXA) are pleased to announce that Strata-X is in the early stages of carrying out controlled long term production tests on two horizontally drilled wells through two separate Devonian aged light oil resource zones in the Illinois Basin, the Lingle and Grand Tower formations. This week, the Company has sold its first oil from the project's totaling 290 barrels of light crude for an estimated price of \$95.75 per barrel.

The target and expectation of the production tests is commercial oil production rates in both zones. It is anticipated that initial flow rates of 100 to 200 barrels of oil per day will be commercial depending on the ultimate decline rates of the wells. Once commercial flow rates are established and following an appraisal well program, infill development drilling could commence in 2015.

The Company's independent engineers have estimated the two resource zones containing 338 million barrels P1IP (petroleum initially in place) of light oil within Strata-X's 72,000 net acres. ⁽¹⁾⁽²⁾ ASX disclosure note - 5.28.2 - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

Copper Mountain Oil Project Update:

After installing permanent water disposal facilities, Strata-X commenced a slow controlled pump test of the horizontal Blessing 1-4H well late last week. The well is currently averaging 436 barrels of fluid per day consisting of 31 barrels of oil and 405 barrels of water. Over the coming weeks, the water cuts are expected to reduce as the water is drained from the stimulated zones and replaced with oil flowing from the formation matrix.

Approximately 25% of the lateral section of the Blessing 1-4H well has been modestly stimulated and by the previous operator. Pending positive results of this initial controlled pump test, the remainder of the horizontal section of the well may be perforated and stimulated exposing more reservoir to the horizontal wellbore.

The Blessing 1-4H well is Illinois Basin's first horizontal test of the Devonian aged Grand Tower formation. The Strata-X commissioned, independent third party resource report, has estimated that the Copper Mountain Oil Project has 128 million barrels of P1IP net to Strata-X.

In April 2014, Strata-X purchased 23,595 net acres of production and exploration assets in the Illinois Basin adjacent to its existing Vail Oil Project. The acquisition, known as the Copper Mountain Oil Project, is prospective for conventional and unconventional light oil accumulations in shallow Mississippian age formations (from 700 metres depth) as well as the deeper Middle Devonian age formations (~1200 to 1600 metres depth). Included in the Project acquisition is the Blessing 1-4H horizontal well drilled by the prior operator in mid-2013 (see above).

Vail Oil Project Update:

As previously announced by the Company in a news release dated May 22, 2014, following the completion stimulation of the horizontal Burkett 5-34HOR well, the well flowed back oil, formation water and stimulation fluid totaling 116 barrels of oil and 2,100 barrels of the approximately 4,200 barrels of injected stimulation fluid during a 30 hour flowback.

Following the initial flowback test, the Company brought in a work over rig to swab test the well to determine its potential productivity to help design permanent downhole and surface production facilities. During the swab test increasing gas flows were observed but it was determined that the swabbing could not keep up with the excessive water, oil and filtrate influx rates into the wellbore and the rig was released. The large influx of fluid indicates the successful multistage stimulation of the well was beyond projected expectations.

Strata-X is in the process of procuring and installing a high volume submersible pump to accelerate the fluid draw from the well and to carry out a long term production test to help determine oil and decline rates. Electricity from nearby power lines to run the pump is currently being procured and it is anticipated that it will take about 4 weeks to connect.

Similar to the Blessing well, the initial expectation is that high water cuts relative to oil should reduce in a few weeks as the water and filtrate is drained from the induced fractures and is replaced by light oil flowing from the formation matrix into the induced fractures, to the pump, then to the surface production facilities. The Company will dispose of any produced water on the Burkett 5-34HOR well into its own disposal well located approximately 1200 metres from the Burkett well. Water disposal costs are expected to be less than \$1 per barrel.

About Strata-X

Strata-X is a Denver, Colorado (USA) based company and is engaged in the business of oil and gas exploration and development with a variety of exploration opportunities in North Dakota, California, Texas, Illinois and Western Australia and production and development opportunities in California. Strata-X has 139,785,415 common shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

(1) Resource information cited in this News Release for the Copper Mountain Oil Project are Prospective Resources, per an independent third party report effective 1 April 2014 ("Report") from Chapman Petroleum Engineering Ltd. ("Chapman") who's author, Charles Moore, a registered Professional Engineer in the Province of Alberta, Canada, consents to the inclusion of this resource information in this Presentation as it appears and information relating to the Prospective Resource is based on, and fairly represents, information and supporting documentation prepared by Charles Moore. There is no certainty that stated resources will be commercially viable to produce any portion of the resources. The Report reviewed only Prospective Resources as the project is not sufficiently developed to assign Contingent Resources or Petroleum Reserves to it, further, all Petroleum Initially in Place figures relate to undiscovered quantities. Figures shown reflect Strata-X's economic interest (US Dollars) net of royalty or other burdens and were generated, using the deterministic method. Forecasted figures were derived using forward commodity strip pricing, regional drilling, completion and production expenditures and applicable production taxes. Strata-X is the title holder of the tenement/leases held covering the Copper Mountain Oil Project which were subject to the Report. The Report reviewed approximately 800 tenements/leases held by the Company with individual owners covering 20,146 net acres with each tenement/lease having a range of expiration dates, royalties and other provisions. Prospective Resources were determined in the Report after Chapman completed an analysis of the available technical data including the geological and geophysical interpretation presented to them by Strata-X, information from relevant nearby wells or analogous reservoirs and the proposed program for the project. Chapman estimated a Probability of Commercial Success of 25% associated with the reported Prospective Reserves with a 33% chance of discovery and calculated the net capital exposure of this project to the Company of \$5,625,000, representing the cost of drilling, completing, testing and abandoning three dry holes which exploration timing is not yet known. In establishing the Probability of Success, Chapman gave consideration to both geological and commerciality factors. The geological factors include the four main geological components of a petroleum system needed for commercial production, source rocks available to generate hydrocarbons, reservoir rocks to accumulate hydrocarbons, a stratigraphic or structural trapping mechanism with a seal to hold hydrocarbons and a mechanism and proper geological timing allowing for hydrocarbons to migrate into the trap.

The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

(2) This information relates to Petroleum Reserves/Prospective Resources/Contingent Resources that was

prepared and published by AWT International dated 18 December 2012 and published in [Strata-X Energy Ltd.'s "Prospectus 2013"](#) (available online at www.strata-x.com) as part of the Companies 2013 Australia Securities Exchange Initial Public Offering and is based on, and fairly represents, information and supporting documentation prepared by, or under the supervision of Doug Barrenger ("JORC Competent Person"), employed by AWT International and is independent of [Strata-X Energy Ltd.](#) At the time of the Prospectus 2013 issuance, Doug Barrenger was an employee of AWT International and a member of the Exploration Society of Australia (PESA) amongst other professional petroleum organisations. AWT International consents to the inclusion of this information in this document. As of the issuance of this document [Strata-X Energy Ltd.](#) management is not aware of any material information that would change the results of the AWT International report as published in the Prospectus 2013.

This announcement was made in Canada for the TSX.V and in Australia for the ASX.

Public documents for [Strata-X Energy Ltd.](#) can be found at SEDAR (Canada) (www.sedar.com) and ASX.com.au (Australia).

By definition of the COGE Handbook - "Undiscovered resources are those quantities of oil and gas estimated on a given date to be contained in accumulations yet to be discovered." The Handbook further states - Caution (per NI 51-101/5.9(2)(v)(B)) - "There is no certainty that any portion of the resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources." In addition, per NI 51-101/5.6 "the estimated values disclosed do not represent fair market value."

CAUTIONARY STATEMENTS

This news release contains forward-looking statements, which relate to future events or future performance and reflect management's current expectations and assumptions. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions is intended to identify forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties that may cause future results to differ materially from those expected and the forward-looking statements included in this news release should not be unduly relied upon. See "Risks and Uncertainties" in the Company's Filing Statement dated August 30, 2011 available on SEDAR at www.sedar.com. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

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