

# Strata-X Expands Vertical Program to 5 Wells to Test Multiple Zones

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## Receives Approval for Douglas Fir #1

DENVER, COLORADO and BRISBANE, QUEENSLAND AUSTRALIA and VANCOUVER, BRITISH COLUMBIA--(Marketwired - Oct 2, 2014) - [Strata-X Energy Ltd.](#) (TSX VENTURE:SXE)(ASX:SXA) -

### Key Points

#### Strata-X plans to test numerous low risk light oil drilling opportunities

- 65 low risk drilling locations in a small portion of current leasehold have been identified to date.
- Historical wells averaged 50,000 barrels of light oil.<sup>(3)</sup>
- Each successful USD\$300,000 well has an estimated NPVs (10%) of approximately USD\$2 million. <sup>(2)</sup>
- Douglas Fir #1 well is a direct offset to a well that flowed over 300 BOPD.<sup>(1)</sup>
- Additional bypassed pay has been interpreted in the well offsetting the Douglas Fir #1.
- Modern extraction techniques provide new tools to unlock bypassed oil potential.
- Up to 5 vertical wells are planned over the next several months targeting bypassed light oil pay or direct offsets.

The directors and management of [Strata-X Energy Ltd.](#) ("Strata-X" or the "Company") (TSX VENTURE:SXE)(ASX:SXA) are pleased to announce that the Company has received approval to drill the 3,800-foot, Douglas Fir #1 well, which will test multiple shallow Mississippian formations of the Illinois Basin. A drilling contractor is currently being sourced for anticipated drilling in November 2014.

Strata-X holds approximately 70,000 net acres in Illinois which sit on top of and adjacent to several giant oil fields. These oil fields have produced more than 1.5 billion barrels of oil from the same shallow reservoirs Strata-X is targeting.<sup>(3)</sup> Most of this oil was produced when oil prices were less than \$2 per barrel so economical oil flow thresholds were much higher. The chart below shows that more than 80% of the oil in the Illinois Basin was produced long before oil prices began their rise over \$2 per barrel in 1972. Most of Illinois' oil was produced without the benefit of modern drilling and completion techniques. Modern drilling and completion techniques increase the amount of reservoirs that can now be commercially developed.

To view accompanying graph, visit the following link:  
[http://media3.marketwire.com/docs/Chart\\_for\\_SXE\\_NR10022014.jpg](http://media3.marketwire.com/docs/Chart_for_SXE_NR10022014.jpg)

Dr. Ira Pasternack, Vice President of Exploration, has led Strata-X's ongoing detailed mapping and evaluation of the prolific shallow oil zones identifying numerous vertical well drilling opportunities. The Company's evaluation of these areas indicates that significant opportunity exists in direct offsets to historical wells and potential recompletions in bypassed pay intervals. The Company only recently embarked on this evaluation and has already identified over 65 potential drilling locations and expects to identify a multiple of that in the coming months. Strata-X anticipates carrying out a 6 well drilling campaign over the next several months with the first wells beginning in November 2014.

### VERTICAL WELLS OFFER VERY FAVORABLE ECONOMICS

The Company has evaluated historic production (3<sup>rd</sup> party) in the area of the Strata-X leasehold and has determined that the average production per well was approximately 50,000 barrels of light gravity oil.<sup>(3)</sup> The Company's independent third party resource engineers at Chapman Petroleum Engineering Ltd., have concluded that with finding and development cost of approximately USD\$300,000 per well, each well represents a Prospective Resource of approximately USD\$2 million in net present value (at a 10% discount, Best Estimate). With light sweet oil selling for approximately USD\$90 per barrel, the Company netback is expected to be over \$60 per barrel<sup>(2)</sup>. 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.

The Company's President, Tim Hoops commented, "The Illinois Basin has been largely over-looked by the mainstream oil and gas industry as they chase after shale resource plays that offer modest returns. We view Illinois as an area that offers low risk shallow drilling targets with the potential for better returns from much lower capital requirements. This shallow drilling program will supplement our other large light oil play in the Illinois Basin which has been significantly de-risked with the drilling and completion of the Burkett 5-34 well."

Assuming success, the Company anticipates implementing a continuous low risk development program which offers the potential for Strata-x to have a predictable and substantial production growth profile over the next 12 months and beyond.

For more information on the Company and its Project's, please visit our website at [www.strata-x.com](http://www.strata-x.com).

### **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 146,288,969 common shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

**(1) Illinois State Geological Survey, Illinois Oil and Gas Database, accessed 10/1/2014, [www.isgs.illinois.edu](http://www.isgs.illinois.edu).**

**(2) Prospective Resource information cited in this News Release for the Copper Mountain Oil Project are Prospective Resources, per an independent third party report effective 2 October 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 as it appears and information relating to the Prospective Resource is based on, and fairly represents, information and supporting documentation prepared by Strata-X and reviewed 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 additional Petroleum Reserves to it. 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.**

**(3) I.H.S Production data, Enerdeq, [www.ih.com](http://www.ih.com), assessed 10/1/2014.**

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

**Public documents for [Strata-X Energy Ltd.](http://www.strata-x.com) can be found at SEDAR (Canada) ([www.sedar.com](http://www.sedar.com)) and [ASX.com.au](http://ASX.com.au)(Australia).**

**CAUTIONARY STATEMENT** 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." Further the Handbook 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."

**This news release contains forward-looking statements, which relate to future events or future performance, including, but not limited to, expected production levels, estimates and targets, expect finding and production costs, net present values and netbacks, market prices of oil and natural gas products and the timing and targets of drilling programs, and reflect management's current expectations and assumptions, including, but not limited to the timing and ability of the Corporation obtaining necessary approvals, availability of necessary cash flows or financing to meet its objectives; operating and capital costs, recoverability of oil and natural gas resources, future prices of oil and natural gas and the ability of the Corporation to successfully market those products. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions are 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 Factors" in the Company's Annual Information Form dated September 25, 2014 available on SEDAR at [www.sedar.com](http://www.sedar.com). Those factors are not, and should not be construed as being exhaustive. In addition, information relating to "resources" is deemed to be forward- looking information, as it involves an implied assessment, based on certain estimates and assumptions that the reserves and resources described can be profitably produced in the future. 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**

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