

# Strata-X to Commence Illinois Basin Drilling

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## KEY POINTS

- **Initial five shallow vertical wells starting early next month.**
- **The wells are designed to demonstrate commercial production in direct offsets to historical productive wells with interpreted bypassed oil pay intervals.**
- **Targeted oil is high margin light sweet crude (36 to 38 degree API).**
- **Approximate total vertical depths of approx. 3,800ft (approx. 1,160 metres).**
- **Permits to drill the first three vertical wells have been received.**
- **Webster Drilling, Inc. rig contracted.**

DENVER, COLORADO and BRISBANE, QUEENSLAND and VANCOUVER, BRITISH COLUMBIA--(Marketwired - Nov 18, 2014) - [Strata-X Energy Ltd.](#) ("Strata-X" or the "Company") (TSX VENTURE:SXE)(ASX:SXA) is pleased to provide an update to the Company's vertical well exploration program which will test multiple shallow Mississippian-aged reservoirs with interpreted oil pay in its 100%-owned Illinois Basin project. The Company has to-date received regulatory approvals to drill three ~3,800-foot (1,160 metre) wells: the Blue Spruce #1, the White Fir #1 and the Douglas Fir #1. Strata-X has signed a multi-well drilling contract with Webster Drilling, Inc. to drill multiple vertical wells starting in early

December 2014 with the Blue Spruce #1 well. Assuming success of the initial vertical well program, the Company anticipates implementing a self-sustaining, continuous, low-risk development program which offers the potential for it to have a predictable and substantial production growth profile over the next 12 months and beyond.

Strata-X holds a 100% interest in approximately 67,000 net acres in Illinois. These properties sit on top of, and adjacent to, several giant oil fields that have collectively produced in excess of 1.5 billion barrels of oil.<sup>(1)</sup> The locations of the proposed wells in this drilling campaign are within the giant Clay City Consolidated Oil Field that has produced in excess of 450 million barrels of oil to date.<sup>(1)</sup> The Company's evaluation of these fields indicates that significant opportunity exists in direct offsets to historical wells with interpreted bypassed light oil (36 to 38 degree API) pay intervals.

Given the historical production and projected high margins offering superior well economics (see below), the Company has embarked on a detailed evaluation of the shallow opportunities on its existing leasehold. The exploration team has so far identified over 65 potential drilling locations, and expects to identify additional locations as its evaluation proceeds.

The Company has evaluated historic (3rd party) production 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 costs of approximately USD\$300,000 per well, each well represents a Prospective Resource of approximately USD\$2 million in net present value (pre-tax, at a 10% discount, Best Estimate). With light sweet oil selling for approximately USD\$75 per barrel, the Company's netback is expected to be about \$45 per barrel offering outstanding economic potential to Strata-X.<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 initial five well exploration program's objective is to demonstrate commercial production in direct offsets to historical wells with interpreted bypassed light sweet oil pay intervals. Assuming success, and with over 65 similar locations identified so far, the Company anticipates implementing a self-sustaining, 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.

## **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.

*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.sedar.com) can be found at SEDAR (Canada) ([www.sedar.com](http://www.sedar.com)) and [ASX.com.au](http://www.asx.com.au) (Australia).

### *Board of Directors:*

Tim Hoops - CEO / Managing Director

Ron Prefontaine - Chairman / Director

Tim Bradley - Director

Dennis Nerland - Director

Don Romaniuk - Director

Don Schurman - Director

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

2. The Prospective Resource information cited in this News Release for the Copper Mountain Oil Project relates only to pre-tax, Best Estimate, Prospective Resources, per an independent third party report effective 2 October 2014 ("Report") prepared by Chapman Petroleum Engineering Ltd. ("Chapman"). The Report'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 confirms that the information relating to the Prospective Resource is based on, and fairly represents, information and supporting documentation prepared by Strata-X, which information he has personally reviewed. 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 tenements/leases covering the Copper Mountain Oil Project that were subject to the Report.
3. I.H.S Production data, Enerdeq, www.ih.com, assessed 10/1/2014.

### **FORWARD-LOOKING STATEMENTS**

*This news release contains forward-looking statements, which relate to future events or future performance, including but not limited to, the completion and size of the Placement, receipt of regulatory approvals and timing thereof, the Corporation's business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management's current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and third party approvals and completion of the Placement and stability of general economic and financial market conditions. 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, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions in North America and globally, risks associated with liquidity and capital resource requirements, 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 also "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. 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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