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OilPrice.com Market Commentary: Texas' Permian Basin has been producing oil for almost 100 years, but a new geological assessment shows that even though billions of barrels have already come out of this sleeping giant, billions more are still waiting to be pumped. Energy companies in focus today include: Anadarko Petroleum Corporation (NYSE: APC), BHP Billiton Limited (NYSE: BHP), Apache Corp. (NYSE: APA), MCW Energy Group Ltd (OTCQX: MCWEF) and Chevron Corporation (NYSE: CVX)

A new United States Geological Survey (USGS) assessment of the riches of the Permian Basin, released just last month, showed that in just the Wolfcamp shale in the Midland Basin portion of the Permian alone, there are still 20 billion barrels of undiscovered, technically recoverable oil. That's an assessment that will necessarily trouble OPEC.

Not only is this newest discovery three times bigger in terms of recoverable oil than North Dakota's Bakken formation, but it's all also the largest "continuous" oil discovery in the entire U.S. So, the rush to both get a foothold here and to employ new recovery technologies is on, with spending close to \$20 billion year-to-date in 2016, according to new analysis from IHS Markit.

Top producers such as Anadarko Petroleum Corp. (NYSE:APC), Apache Corp. (NYSE:APA), BHP Billiton (NYSE:BHP) and Chevron Corp. (NYSE:CVX) are gathering in full force to tap America's oldest and most prolific basin, whose best days are still ahead of it. But this is not just a play for the giants.

Small-cap MCW Energy has scooped up some prime Permian acreage and is applying its proprietary technologies to boost production and reserve values and unlock the potential of some sizeable assets, including the 168 million barrels of oil in place that they took on in September when they acquired control of Texas-based Accord GR Energy, which has two enhanced oil recovery (EOR) technologies, 88 drilled and completed wells on 7,000 prime acres in Texas.

"From an M&A perspective, the Permian Basin is hotter than the Fourth of July in Midland," said analysis author Andrew Byrne, director of energy company and transaction research at IHS Markit. "The Permian area is now considered the top U.S. onshore liquids region, and this popularity is driving an increase in deal flow in the area. The increase has been quite dramatic, since deals in the Permian -- as a percentage of total U.S. deals -- have risen from 7 percent in 2011, to 40 percent year-to-date. At 40 percent of total U.S. deal values, the Permian is now the premier M&A target in the U.S."

And the pace of deal flows will continue to accelerate and "shows no signs of slowing as 2017 approaches".

The Permian Craze: All About Recovery Technology

What the Permian craze demonstrates more than anything is that the new era of oil is all about the technology that can unlock everything we've left in the ground, and this is where a unique small-cap like MCW Energy (traded in the U.S. under MCWEF and in Canada under MCW.V), with its focus on proprietary technologies, comes into play.

What's interesting about this company is that it has also developed the first-ever, clean oil sands extraction project in Utah, and now it is licensing out its technology not only for oil sands extraction, but for remediation-to clean up messes like Alberta's toxic trailing ponds.

In the Permian Basin, this company has already spent \$1.5 million on its Phase 1 completion to demonstrate the commercial viability of even the most depleted of 200 drilled wells. Phase II will see the application of its proprietary technology to adjust the filtration properties of the pay zone and then recover the oil using a thermal baric process.

What they've accomplished in Utah with oil sands leaves room for optimism that they will be quite successful in the Permian.

Utah has over 32 billion barrels of oil sands to be extracted in 8 major deposits. It also has fantastic infrastructure and a royalties set-up that makes great sense for operators.

While oil sands in Canada are prohibitively expensive to produce in today's oil-price environment, MCW has found a way to produce in Utah for only \$27/ barrel. And it's doing it in a clean, safe and efficient way.

MCW Energy has two leases in the oil sands heartland of Utah-one at Asphalt Ridge and one at Temple Mountain.

The 1,128-acre Asphalt Ridge lease is estimated to hold 20 million barrels of bitumen, according to assessments by Chapman Petroleum. MCW Energy acquired this acreage in 2012, and built a 250-barrel/day plant onsite, which is now in the process of

being augmented to handle twice that.

In 2015, MCW produced 10,000 barrels and sold some 6,000 barrels to the Utah market, with an average cost per barrel hovering between \$31 and \$33.

Then, just this year, MCW acquired the lease from nearby Temple Mountain Energy, adding another estimated 87 million barrels of bitumen to its portfolio. This is now proven producing and at \$50/per barrel-today's prices-it's worth about U.S.\$4.3 billion.

This is where it gets really big: This is the site of a future 2,500-barrel per day plant, for which the design is already nearing completion.

All the permits and plans are already in place and it took MCW four years and millions of dollars to get this far.

Ground Zero for the New Oil Era

Texas has also led American oil and gas. This is the Mother Ship of the shale boom and the staging ground for the best new technology that will unlock the billions of barrels still trapped there--billions of barrels that the USGS hasn't gotten around to assessing yet.

This next phase is about technology if it is about anything. The rapid pace of development of new technologies we are seeing--such as that demonstrated by MCW Energy--suggests to some that we are headed straight for a new era of higher oil production and lower prices.

Over the past six years, the developers of MCW's technology and plant facilities say they have spent over 210 man-years getting this just right. What they came up with is an environmentally responsible, 'closed loop', solvent-based, extraction technology that doesn't use any water at all, and it doesn't leave anything behind that isn't clean. Even so, it still manages to produce at a price that is feasible in today's low oil-price market. In this sense, Utah is the staging ground, but all eyes will be on the Permian--as they always are.

Of course, it doesn't hurt that MCW's CEO is the former [Exxon Mobil Corp.](#) president of Arabian Gulf operations, Dr. Gerard Bailey. Bailey recognized a technology that nobody else had, and he was sure it would make a huge splash on the global oil scene. In fact, he's willing to bet his 50-year reputation on it.

With all the new technology coming into play, and the sensational new USGS assessment, Ken Medlock, director of an energy-studies program at Rice University in Houston, says "the revival of the Permian Basin is going to last a couple of decades."

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