

Virden Roselea Unit #4
2017 Annual EOR Report

Executive Summary

In 2017 oil production in the Virden Roselea Unit #4 (VRU #4) averaged 24 m³/d (151 bbl/d) totaling 8.6 e³m³ (54.4 mbbl). Annual production had a massive incline of 1,793% from 2016 to 2017, in 2016 there was only one well producing for a short time and in 2017 there have been three successful wells producing. By the end of 2017 cumulative oil production from the VRU #4 was 24.3 e³m³ (152.7 mbbl). The unit is currently still under primary production and, as of yet, has had no water injected into the producing formations.

In December 2017 there were 3 producing oil wells and no active water injectors in the unit. In 2017, two wells were drilled within the unit. Corex Resources filed a unit application for Virden Roselea Unit #4 in 2017, thereby creating this area as a unit.

Discussion

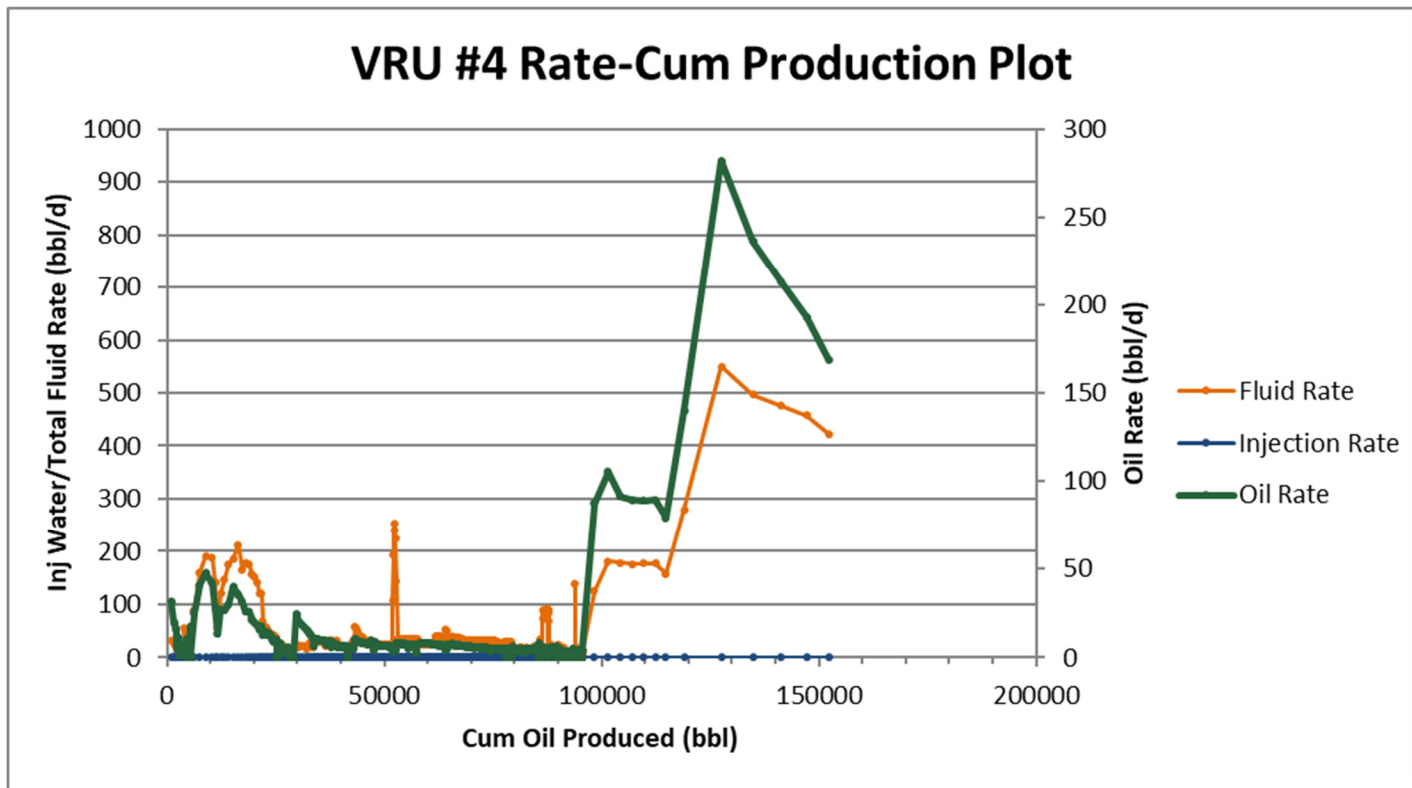
The VRU #4 was created as a unit in 2017, with the intention of further development through the implementation of a waterflood scheme.

Prior to the operatorship transferring to Corex Resources very little additional development had taken place in the unit. Four vertical producers were drilled, resulting in minimal recovery. In 2016, a very successful horizontal Scallion well was drilled in the unit, followed by an additional two wells in 2017. The intention is to progress to secondary recovery methods after a period of primary production. This unit has a low recovery factor and further development through waterflood will increase the recovery. In 2017, the producing WOR was 1 m³/m³.

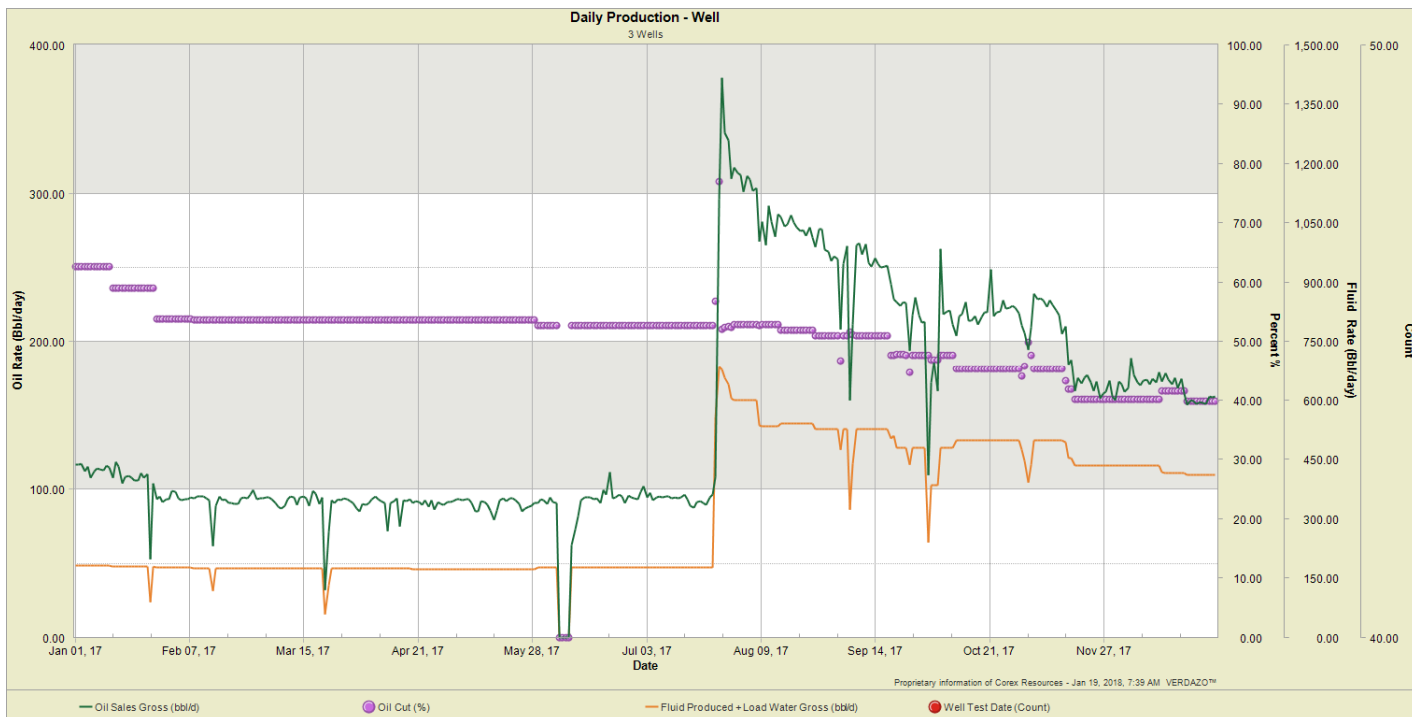
Significant events in 2017 are as follows:

- July 2017, drill the 103/03-24-010-26W1/00 horizontal well in the Scallion formation.
- July 2017, drill the 102/03-24-010-26W1/00 horizontal well in the Scallion formation.

VRU #4 – Rate vs Cum Oil Production



VRU #4 – Rate vs Time



2017 Reservoir Pressure Surveys

Unit	UWI	License	Test Type	Date of Pressure	Duration of SI (days)	Datum BHP (kPaa)
VRU #4	103/03-24-010-26W1/00	10673	BH BU	2017-07-14	5	4,784
VRU #4	102/03-24-010-26W1/00	10672	BH BU	2017-07-16	3	6,359
VRU #4	102/06-24-010-26W1/00	10578	BH BU	2016-11-04	2	4,024

As this is the first progress report for this unit, all of the recent pressure measurements have been provided. The recorded pressures on each of the producing wells gives an average reservoir pressure of around 5,000 kPa. This is lower than the estimated initial reservoir pressure of 6,500 kPa. Due to the fact that there has been some depletion in the area, but no water injection, the pressures recorded are reasonable. As the wells are currently producing well, the implementation of a waterflood will be delayed until it appears that it is needed. With production, the pressure will deplete, at which point it will be deemed that a conversion to injection is necessary. Currently, the total fluid production continues to drop, indicating that water injection will be needed at some point.

2017 Well Servicing

UWI	Unit	Licence	Operation	Date	Objective
103/03-24-010-26W1/00	VRU#4	10673	Construction	2017-03-15	
103/03-24-010-26W1/00	VRU#4	10673	Drilling - original	2017-07-04	
103/03-24-010-26W1/00	VRU#4	10673	Initial Completion	2017-07-14	SCALLION COMPLETION
102/03-24-010-26W1/00	VRU#4	10672	Equip & Tie-In	2017-03-01	
102/03-24-010-26W1/00	VRU#4	10672	Construction	2017-03-15	
102/03-24-010-26W1/00	VRU#4	10672	Drilling - original	2017-07-09	
102/03-24-010-26W1/00	VRU#4	10672	Initial Completion	2017-07-16	SCALLION COMPLETION

Waterflood Pattern Map

