

## ***ENTEK FLOW TESTING THE FOCUS RANCH UNIT 12-1 WELL***

Entek Energy Limited is pleased to advise that it has re-established access to and is currently flow testing the Focus Ranch Unit 12-1 (FRU 12-1) well. This well is located in a key prospective area within the Unit and this flow test will be an integral step towards our understanding of how best to develop and add considerable value to this asset going forward.

### **Operations Summary**

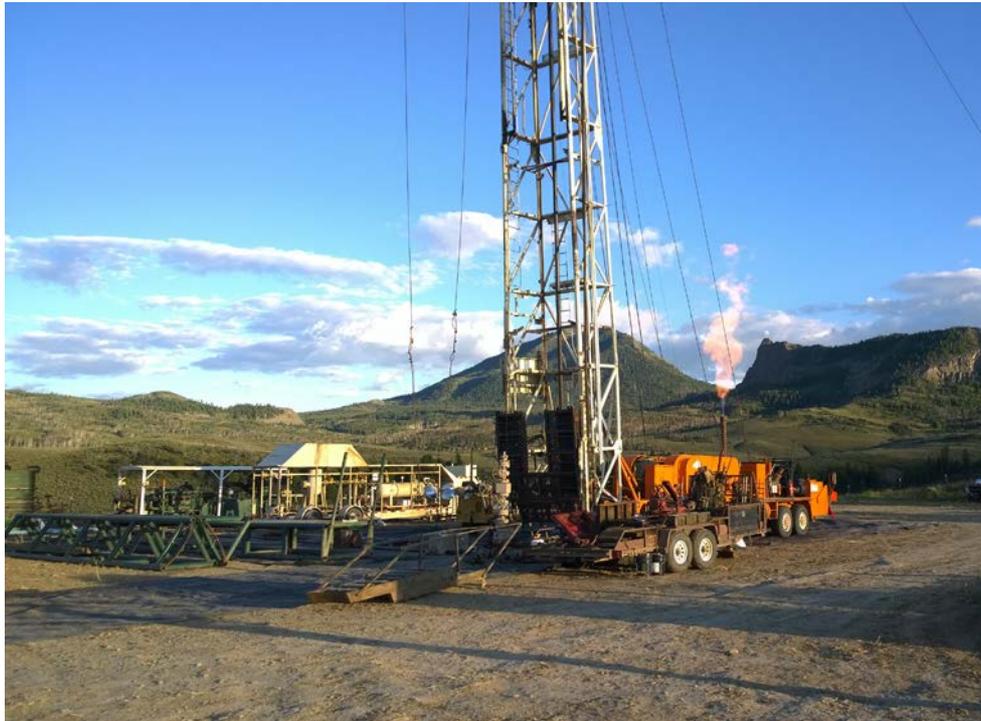
On 21 July, 2015 the Company commenced work on the well which demonstrated significant pressure at reservoir level after it was re-opened. Flow testing operations commenced from the upper Niobrara zone which includes 206 feet of embedded intrusive igneous sill of which approximately 145 feet is currently perforated. These perforations were performed by previous operators more than six years ago. At this stage Entek has not attempted to confirm the number of perforations that are currently open and contributing to the flow results.

After opening the well the flow rate built to a maximum rate of 6.5 MMCFD. During flow testing operations to date the well has been shut in and reopened a number of times with significant pressure build up each time. Once re-opened the well can be stabilized at around 1 MMCFD after some time blowing down the pressure. Oil production rates to date have been inconsistent and are believed to be affected by significant water production the origin of which is currently being analysed. At this point it is believed to be water that was induced into the fractures from previous drilling and well testing operations rather than formation water.

Overall, the flow rates and pressures seen to date are positive indications that the reservoir has significant energy and connectivity.

Flow testing has continued with the gas being flared (as can be seen in the photo below) and the oil collected in storage tanks before being trucked to sales.

On 31 July, 2015 while setting up for a pressure build up test designed to determine the extent of the reservoir and any potential near well bore damage it was determined that the plug separating the upper and middle zones in the well had failed (this is a plug set by previous operators more than six years ago and appears to have broken down over that time). With the upper and middle zones no longer considered totally isolated, operations are now underway to remove that uppermost plug, clean out the cased hole down to the second plug set below the middle zone, determine its integrity and then to test the upper and middle zones combined. Later in the testing program the zones will be isolated for individual pressure build up analysis, if determined necessary.



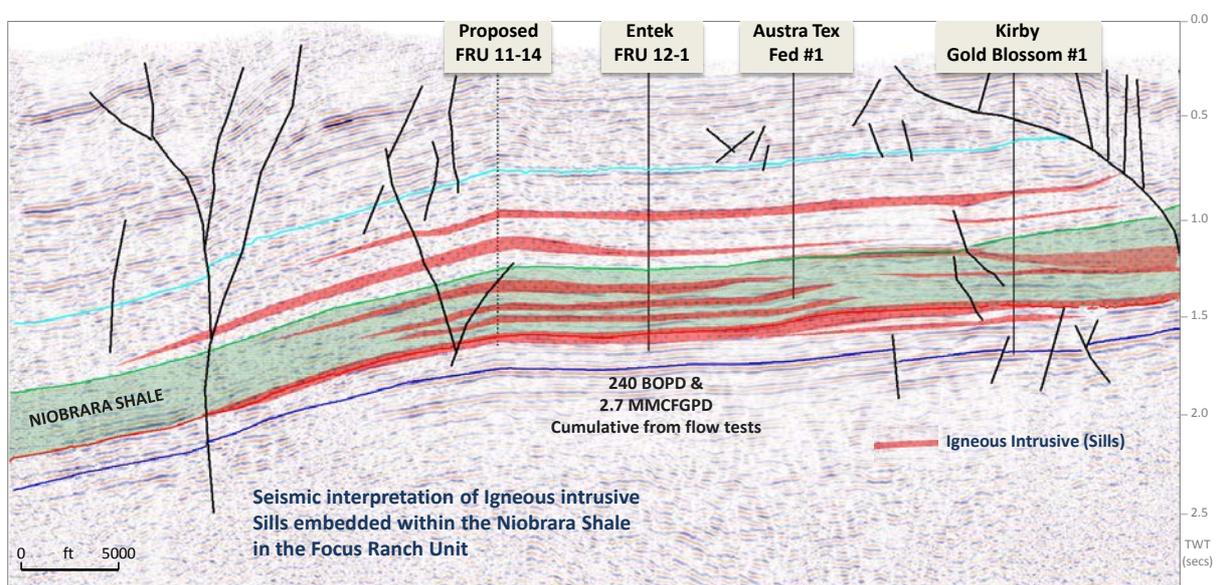
*The FRU 12-1 well being flow tested in 2015*

## Background

The well was previously completed in three zones being separated by bridge plugs. Entek has now confirmed that the first plug has failed and therefore the upper and middle zones are not totally isolated.

The FRU 12-1 well has previously tested at a combined cumulative rate of 240 BOPD and 2.75 MMCFD from all zones individually tested over short periods of time, demonstrating the potential of the Niobrara and the embedded igneous intrusive sills in the area.

The image below shows the seismic interpretation of the igneous intrusive sills embedded within the Niobrara in the Focus Ranch Unit which represent the unique geological character of this area.

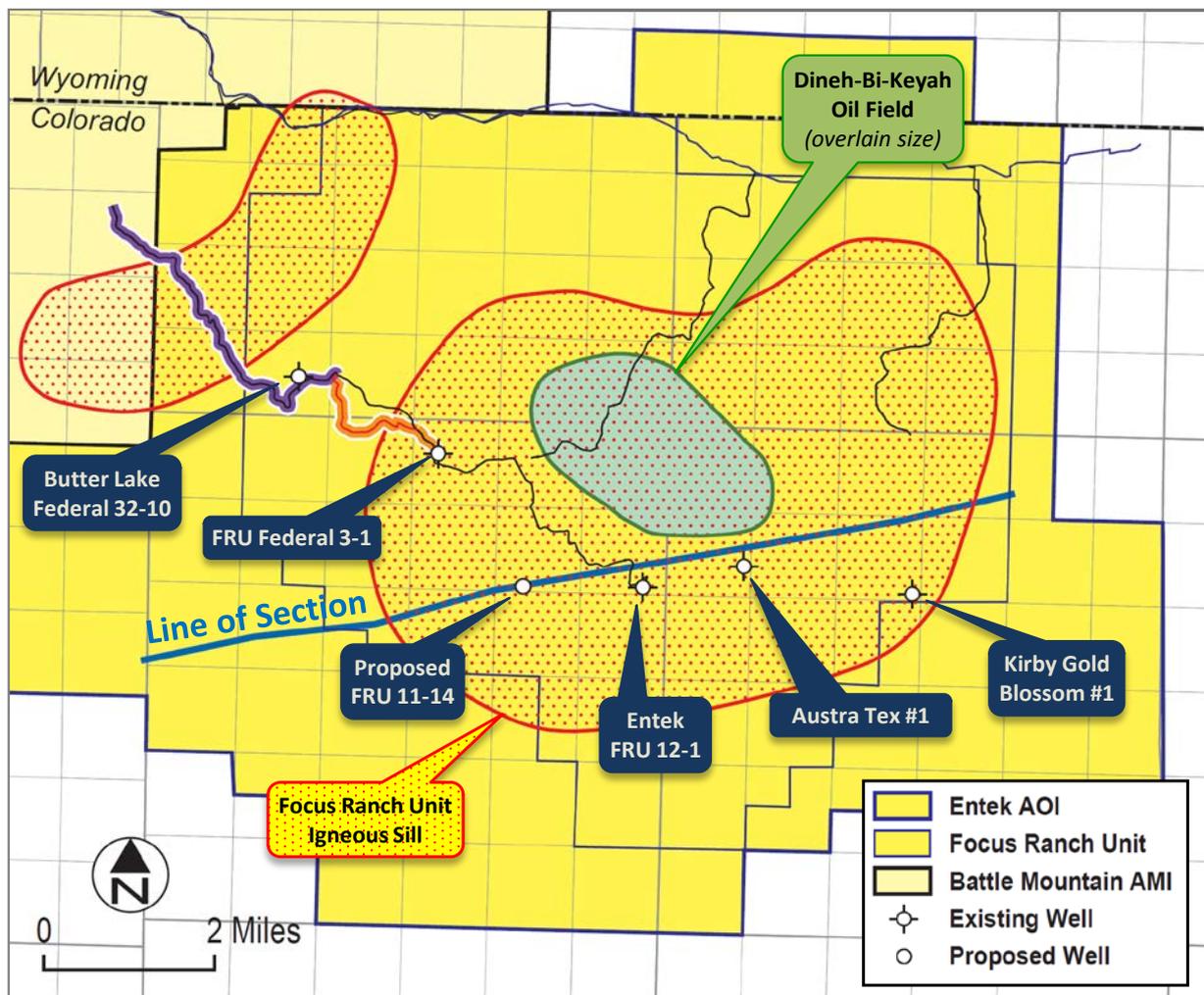


*Focus Ranch Unit (FRU) – Seismic Section, Niobrara & Sills*

The image below shows the areal extent of the volcanic sills tested at the FRU 12-1 well location and defined by seismic and additional well penetrations. For comparison, the Dineh-Bi-Keyah (DBK) oil field (an analogue oil field located in Arizona producing from a porous and fractured igneous intrusive sill) is overlain to scale.

The sill that produces at DBK is around 75 feet thick embedded in the Lower Pennsylvanian strata and covers a productive area of around 2,500 acres. The field has produced in excess of 18.5 million barrels of 45 degree API oil from 26 wells. In the Focus Ranch Unit the sills which are embedded in the oil charged Niobrara, reach a thickness as great as 520 feet and cover an area of around 23,000 acres, centred on the FRU 12-1 well which produces 42 degree API oil. Based on comparisons of sill thickness and area, the Focus Ranch Unit sills tested by the FRU 12-1 well can be expected to have significantly greater potential than its analogue at DBK.

The Company's recent updated Investor Presentation released on 9 July 2015 provides further details on the potential prospectivity of the Focus Ranch Unit.



Focus Ranch Unit area showing key wells, access roads, & volcanic sill distribution

*Entek Energy's Managing Director, Trent Spry, commented:*

*"We are very pleased that after a long and protracted effort we have been able to re-establish access to this key well in this highly prospective part of our Niobrara Oil Resource Project.*

*Flow testing results so far are encouraging from a well that has been left shut-in for so long and which was not drilled or completed by previous operators ideally to test the Niobrara and the unique geological enhancement of the embedded igneous intrusive sills. Specifically, records show that potentially in excess of 20,000 barrels of drilling and completion fluid had been lost whilst drilling this well. This significant amount of fluid having been lost into these oil bearing fractures will require some time to be recovered, at least in part, before representative and meaningful oil production rates can be determined from this well.*

*The current work being undertaken on the well will have a significant impact on the future exploration and development of the Focus Ranch Unit as a whole and we look forward to updating the market with further results from this ongoing flow test.*

*Regaining access to this Unit validates Entek's strategy and perseverance with this particular asset and will greatly assist our efforts to introduce a new industry partner to jointly explore and develop this area over time."*

For further information contact:

## TRENT SPRY

### Competent Persons Statement:

Information in this report that relates to Hydrocarbon Reserves / Resources is based on information compiled by Mr. Trent Spry, Executive Director of Entek Energy Limited who has consented to the inclusion of that information in the form and context in which it appears. Mr. Spry is highly qualified and has over 20 years experience in geoscience in the petroleum industry, both in Australia and internationally.

## ENTEK AT A GLANCE

Entek is US focussed with a substantial acreage position in the Niobrara Oil Resource Play, including an area of enhanced potential due to embedded igneous Intrusive Sills. Entek's US portfolio is balanced with non-operated production and royalty interests in the Gulf of Mexico.

## DIRECTORS

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