

14 July 2014

ASX Announcement

Atzam #5 Testing To Resume On C18 Carbonate Sections

Key Points

- Testing operations are set to recommence on the C18 carbonate sections in the Atzam #5 well – one of the primary reservoir objectives for the Atzam Oil Field
- Schlumberger have now sourced and delivered a larger 7 inch perforation gun to the Atzam #5 location – tools run down hole on wireline for next set perforations into the target carbonate intervals
- Operations to resume with perforating C18 carbonates sections located behind casing – above final casing point at 3,600 feet
- C17 and C18 carbonates are focus of next phase of Atzam #5 testing program
- Estimate of ~200 feet of potential net pay across all carbonate sections drilled in Atzam #5 from Schlumberger log analysis
- Atzam #5 well successfully drilled to 4,025 feet (cased to 3,600 feet), high on structure to the producing Atzam #4 well (~66 feet) and Atzam #2 (~320 feet)
- Atzam #4 daily production continues at approximately 170 barrels per day

Atzam #5 Well –Testing Operations Resume On C18 Carbonate Sections

Citation Resources Ltd (ASX: CTR) (**Company** or **Citation**) advises that testing operations are set to recommence on the Atzam #5 well, with the immediate program to be focused on the C18 carbonates located behind production casing above the final casing point at 3,600 feet. The testing program was recently delayed whilst Schlumberger sourced and delivered a larger 7 inch perforation gun from Mexico to location, which has arrived in recent days. The new perforation gun and tools have now been run in the hole on wireline and the next phase of Atzam #5 testing operations are now due to commence.

The larger 7 inch perforation gun will enable more of the targeted carbonate sections to be opened up to the wellbore, to help evaluate the commercial flow rate potential of each zone. The Atzam #5 testing operations will recommence on the C18 carbonate sections, starting from around 3,500 feet, and move up the wellbore to test the prospective sections located behind the production casing identified from the detailed log data. Testing operations have now moved from the open hole section of the well below 3,600 feet where the lower C18 and C19 carbonates were tested during June, which produced hydrocarbon but not in commercial volumes required by the project partners.

The Schlumberger logs analysis, combined with the significant oil shows from multiple zones whilst drilling, detail the commercial potential in the well from the C13 carbonates down to the C18 carbonate structures delineated in the Atzam #5 well. All these potential commercial pay zones will be perforated and tested as part of this ongoing program, until a zone produces at material commercial rates. On success such a zone would then be put on production, like the C17 producing zone in Atzam #4 that continues to produce under natural reservoir pressure at approximately 170 bopd.

Review of the Atzam #5 log data confirms the well has very similar reservoir characteristics to the Atzam #4 well. The full Schlumberger log dataset and associated drilling reports have been provided to the independent reservoir consultants Ralph Davis, who are currently preparing a detailed reserve report for the Atzam #5 well. The Atzam #5 log data also helps confirm the extension of multiple carbonate reservoir sections across the Atzam structure drilled to date.



Independent Atzam #5 Reserves Report

Following completion of the drilling operations at Atzam #5, the Operator ran a full suite of electric logs from the first carbonate sections intersected down to the well's total depth of 4,025 feet. Leading global oilfield services firm Schlumberger has completed its independent review of the electric logs run across all carbonate sections in Atzam #5. The full suite of logging data and reports from Schlumberger have been passed onto Ralph Davis who are completing a reserve report on the Atzam #5 well and resource estimate for the Atzam Field.

Atzam #5 drilling success indicates upside potential

The Atzam #5 well being drilled close to the structural high of the Atzam Oil Field was confirmed through the intersected depths of primary reservoir sections in drilling operations. On completion of the Atzam #5 well at its TD is running approximately 66 feet high on structure to the Atzam #4 well and approximately 320 feet high to the Atzam #2 well. The Atzam #4 well was previously expected to be sitting on the crest of the Atzam structure and the Atzam #2 well recorded initial flow rates of in excess of 1,000 bopd from the primary C18/19 carbonate sections.

For and on behalf of the Board

Brett Mitchell
Executive Director