



# ASX ANNOUNCEMENT

4 September, 2013

## Potential Recovery Rates

### Overview

Rampart Energy Ltd ('Rampart') and its partner Royale Energy Inc ('Royale') have received final shale oil resource estimates from internationally renowned Netherland, Sewell and Associates Inc ('NSAI'), highlighting the massive potential of their acreage in the North Slope of Alaska and it was released to the market on 22<sup>nd</sup> August. Further discussion on the potential recovery rates seen in the United States is provided below in the context of better known plays.

### HIGHLIGHTS

- **Potential Estimated Ultimate Recoveries ('EUR') per acre of up to 8473 barrels per acre ('bbl/ac');**
- **Mean estimate of 3995 bbl/ac corresponds to well recovers of nearly 640,000 barrels per 160 acre spacing unit;**
- **Bakken equivalent to 550,000 barrels per well;**
- **Eagleford equivalent to 280,000 barrels per well;**
- **Potentially significant recovery of hydrocarbons compared to lower 48 plays.**

<i>OOIP Total (BBL/Acre)</i>				<i>EUR Total (BBL/Acre)</i>			
<i>Low</i>	Best	High	Mean	Low	Best	High	Mean
<b>14288</b>	66965	167220	80473	632	2936	8473	3995

Typically based on lower 48 analogies, the recovery rate from OOIP can vary between approximately 1% and 10%. This is refined over time as an accurate production history is pieced together from successful wells. In the NSAI report, a mean recovery rate of 5% was assumed.

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With time most of the major onshore shale plays have seen a reduction in the well spacing, which often leads to a higher recovery rate per acre.

Critically the comparisons with the NSAI derived EUR's needs to be viewed in the context of lower 48 'household' plays such as the Bakken and Eagleford. According to the US Energy Information Administration Annual Energy Outlook 2012, average EUR's for the Bakken were 550,000 barrels and for the Eagleford 280,000 barrels per well.

Using the mean EUR as provided by NSAI shows an EUR of 639,119 barrels per 160 acre spacing unit, which could be a material production position on a per well basis.

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**Managing Director and Chief Executive Officer of Rampart Energy, Mr Torey Marshall commented** "There are a wide range of potential recovery rates and well spacings that may reveal themselves in time to be the most appropriate for the North Slope. The Company is pleased that its unconventional shale oil potential is equal to the major plays in the lower 48 states and we hope that time will produce physical results that match that potential."



**Background**

In June, July and August of 2013 Netherland Sewell and Associates Inc ('NSAI'), conducted an independent prospective resource assessment of the



unconventional (shale) oil in place and potentially recoverable (shale) oil that may be present in the North Slope areas in which Rampart is participating. The numbers reported here have been issued under the cover of a final resource 'letter' just issued which is a precursor to the final report being submitted to Royale and Rampart. This resource assessment included the three major shale target units.

The core units analysed for shale oil potential were the Shublik, HRZ and Kingak sections of Cretaceous and Jurassic stratigraphy. NSAI completed this task using data from existing wellbore penetrations and regional datasets at their disposal. They determined that the acreage is a Prospective Resource with a "most likely" volume of 2,936 bbls of oil per acre from the combined Shublik, HRZ and Kingak sections.

The estimates in the report have been prepared in accordance with the definitions and guidelines set forth in the 2007 Petroleum Resources Management System (PRMS) approved by the Society of Petroleum Engineers (SPE); definitions and abbreviations are presented immediately following this sections.

The report covers 39,539 acres that the companies have agreed to jointly develop (Western Block), as well as 17,139 acres (Central Block), in which Rampart has future rights to acquire.

- (1) The in-place and resource volume estimates prepared by Netherland, Sewell & Associates, Inc. and stated in the tables above have been prepared in accordance with the definitions and guidelines set forth in Petroleum Resources Management System, 2007 approved by the Society of Petroleum Engineers ("SPE").
- (2) The table includes the sum of the EUR's for the Kingak, Shublik and HRZ shale units.
- (3) The prospective resources shown in the tables above are unrisks and quoted on a 100% basis unless otherwise separated out.
- (4) The prospective resources shown in the tables above have been estimated using probabilistic methods and are dependent on a petroleum discovery being made.
- (5) The input values for the probabilistic methods were derived by thorough analysis and determination of suitable analogies from elsewhere in the United States by Netherland Sewell & Associates Inc, and at present there are no production profiles available for North Slope shale wells.
- (6) Oil volumes shown comprise crude oil only, there is no inclusion of gas or condensate.
- (7) The estimates included in the table for Prospective Resources have not been adjusted for both an associated chance of discovery and a chance of development (see definitions).
- (8) Rampart is earning a maximum 75% net working interest in the North Slope project with Royale Energy Inc.

## LIST OF ABBREVIATIONS AND DEFINITIONS

MMBBL

MSCFD

MMSCFD

TCF

Million standard barrels of oil or condensate  
Thousand standard cubic feet (of gas) per day  
Million standard cubic feet (of gas) per day  
Trillion Cubic Feet

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BBO	Billion standard barrels of oil or condensate
BCF	Billion Cubic Feet of gas at standard temperature and pressure conditions
Bbls	Barrels of oil or condensate
BOPD	Barrels of oil per day
BS&W	Base, sediment and water contaminants in oil
BOE	Barrels of Oil Equivalent. Converting gas volumes to the oil equivalent is customarily done on the basis of the nominal heating content or calorific value of the fuel. Common industry gas conversion factors usually range between 1 barrel of oil equivalent (BOE) = 5,600 standard cubic feet (scf) of gas to 1 BOE = 6,000 scf.
MMBtu	Million British Thermal Units
Discovered in place volume	Is that quantity of petroleum that is estimated, as of a given date, to be contained in known accumulations prior to production
Undiscovered in place volume	Is that quantity of petroleum estimated, as of a given date, to be contained within accumulations yet to be discovered
Prospective Resources	Those quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective Resources have both an associated chance of discovery and a chance of development.
Contingent Resources	Those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Contingent Resources may include, for example, projects for which there are currently no viable markets, or where commercial recovery is dependent on technology under development, or where evaluation of the accumulation is insufficient to clearly assess commerciality.
Reserves	Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied.

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**Competent Person's Statement**

Information in this report relating to hydrocarbon reserves or resources has been reviewed and checked by Mr C. Ashley Smith Vice President and Petroleum Engineer and Shane Howell Vice President and Petroleum Geologist, of Netherland Sewell & Associates who combined have over 30 years of experience in petroleum engineering and geology and are members of the Society of Petroleum Engineers and AAPG. Messrs Smith and Howell (pending) to the inclusion of the information in this report relating to hydrocarbon reserves and resources in the form and context in which it appears. Resource estimates contained in this report are in accordance with the standard definitions set out by the Society of Petroleum Engineers, Petroleum Resources Management System, 2007.

This document may include forward-looking statements. Forward-looking statements include, but are not necessarily limited to, statements concerning Rampart Energy Ltd's planned exploration program and other statements that are not historic facts. When used in this document, the words such as "could", "plan", "estimate" "expect", "intend", "may", "potential", "should" and similar expressions are forward-looking statements. Although Netherland Sewell & Associates believes that its expectations reflected in these are reasonable, such statements involve risks and uncertainties, and no assurance can be given that actual results will be consistent with these forward-looking statements.



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