

Lloydminster Area

Taylor Hill Exploration Ltd. ("Taylor Hill") has identified many prospects in the Lloydminster area. It currently has land on twenty four of these where it sees potential for up to 80.0 MM Bbls of heavy oil.

Most of the production occurs from the Mannville sands in this area. There are nine different stratigraphic intervals which have potential. Each prospective interval is penetrated in wells drilled to the Devonian which is 625 meters in the northeast and 700 meters in the southwest corners of the project area. The geological environment is likely estuarian. Trapping of hydrocarbon occurs within thick porous channel sands or in more extensive regional overbank sands trapped by the incision of tight shale-filled channels which act as an up-dip permeability barrier. The oils in the area range from 10.7 to 20.0 API gravity. Reservoir quality is excellent with high permeability and porosity. Taylor Hill Has mapped each layer and has identified many opportunities.

The oil-in-place in pools in the area is high. Recovery factors are typically low. The area has seen good cumulative oil production from many pools. The '*Lloydminster Commingled Pool 012*' has produced 52.2 Million barrels of oil, '*Lloydminster Sparky 'G*' 12.9 Million Bbls, '*Morgan Commingled Pool 01*' 46.4 Million Bbls.

The area has seen many periods of increased activity usually due to advances in production or drilling technology. Recently, advances in horizontal drilling technology and the application of multi leg lateral wells has had excellent results. Several operators are using this technology including Cenovus, Baytex, Gear Energy <https://gearenergy.com> & Lycos Energy <https://lycosenergy.com>. The latter two companies have good presentations on the technology. Wells drilled using this technology cost approximately \$1.4 MM. Payouts should be under one year.