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## **Red Deer (Duvernay Fm.) Prospect**

**Taylor Hill Exploration Ltd.** ("Taylor Hill") has been developing prospects and accumulating land on the Duvernay East Basin Shale Play since the play's inception. The company has completed sales in the past with two of the largest operators of the oil Play. (Vesta Energy Ltd. and a predecessor of Baytex Energy Ltd. ("Raging River")). In both cases commercial oil production was achieved, and wells are producing on the land which was sold.

The Duvernay in the area is the site of first commercial shale oil production in Canada. The original well was drilled by EOG Resources Canada Inc. in July 2012. A private operator (Vesta Energy Ltd.) acquired the play and has done a very good job developing the Duvernay shales in the East Basin by improving the drilling techniques and optimising completion. The company has been using 2.0 to 2.5 mile-long horizontal wells are drilled and then stimulated with multistage frac technology at 40 to 50 meter intervals. Fifty to sixty fracs are done along the wellbore. The vertical depth to the Duvernay is approximately ~2,500m. Vesta currently produces 13,500 BOEPD with 404 undeveloped locations on their land holdings. The economics of the play are excellent despite the high cost. (\$10.3 MM per completed well). Netbacks are high.

Taylor Hill has identified a number of low risk, high potential extension prospects in the Red Deer area adjacent to Vesta Energy Ltd.'s production. The prospect is easily accessible, has abundant infrastructure and is directly offsetting Duvernay production. Initial ninety day production rates (IP90's) should be similar to direct offsets of 3-400 BOE/D. One operator shows a payout of 18 months. Taylor Hill sees potential for in excess of 21 locations on it's lands.

Companies which are currently active on the Duvernay oil play include Vesta Energy Ltd. <https://www.vestaenergy.com> , Baytex Energy <https://www.baytexenergy.com>, Tiene Energy, and Paramount Energy.

To view the technical information on these plays a **Confidentiality Agreement** must be signed. Taylor Hill will need to be satisfied regarding the financial capability of any party wishing to view its technical data. Anyone wishing to view the prospect can contact Stephan Benediktson at Ph. 403-554-5653.