

Lloydminster Activity

Taylor Hill has spent two years completing geological mapping, posting and acquiring leases in the Lloydminster area. The downturn created an excellent opportunity to accumulate land in the area. The technical staff have extensive experience and a history of drilling success at previous companies in this area. The result of the work has been the identification of several prospects. Land has been acquired on 33 prospects where it sees potential for up to 94.5 MM Bbls of heavy oil on Taylor Hill's land, available crown and freehold.

Most production in the Lloydminster area is from the Mannville sands. There are nine different stratigraphic intervals which have potential. Each prospective interval is penetrated in wells drilled to the Devonian which is between 625 meters and 700 meters in the project area. 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. Each layer has been mapped and opportunities identified.

The oil-in-place in pools is high. However, recovery factors are typically low. Oil production from many pools is high. 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 exploration and development activity usually due to advances in production or drilling technology. Recently, advances in horizontal drilling and the application of multi-leg lateral wells has had excellent results. Several operators use 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 at current oil prices should be under one year.

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