

EASTERN U.S.

1 In Mobile County, Ala., **Fort Apache Energy Inc.** has begun drilling a vertical 12,000-ft. wildcat. The #1 Tensaw Land & Timber Co. is expected to reach a total depth of 12,000 ft. The drillsite is in Section 13-2n-1w. Nearby recovery comes from Norphlet in Section 21. Shallower Rodessa production is another six miles to the southwest in Section 33-2n-2w. Fort Apache Energy's headquarters are in Boerne, Texas.

2 **Venture Oil & Gas** has planned two wildcats in Escambia County, Ala. The Laurel, Miss.-based company will directionally drill #1 Black Stone 15-14 in Section 15-3n-5e to 25,700 ft. with a bottomhole location in the southeast part of the same section. The #1 Indigo 30-7 will be vertically drilled to 16,000 ft. and will bottom to the southwest in Section 30-3n-5e. Venture recently completed an oil discovery to the southeast at #1 Black Stone 4-4: the well flowed 460 bbl. of 60-degree crude and 1.31 million cu. ft. of gas through Smackover perforations.

3 **Renaissance Petroleum Co.** reported that a directional Smackover completion, #1 Craft-Huxford 18-2, was tested flowing 465 bbl. of 41.7-degree crude and 537,000 cu. ft. of gas per day through perforations at 13,512-30 ft. The new producer is in Section 18-3n-9e in Escambia County, Ala., and was drilled 13,800 ft. On a 12/64-in. choke, the flowing tubing pressure was 1,503 psi. Renaissance Petroleum is based in Houston.

4 **Planet Energy LLC** is drilling a rank wildcat in Hickman County, Tenn. The #1 Lee Hall West is in an unnamed field in Section 2-9s-24e. The Knoxville, Tenn.-based company plans to drill to 7,000 ft. to targets in Knox, Conasauga and Rome.

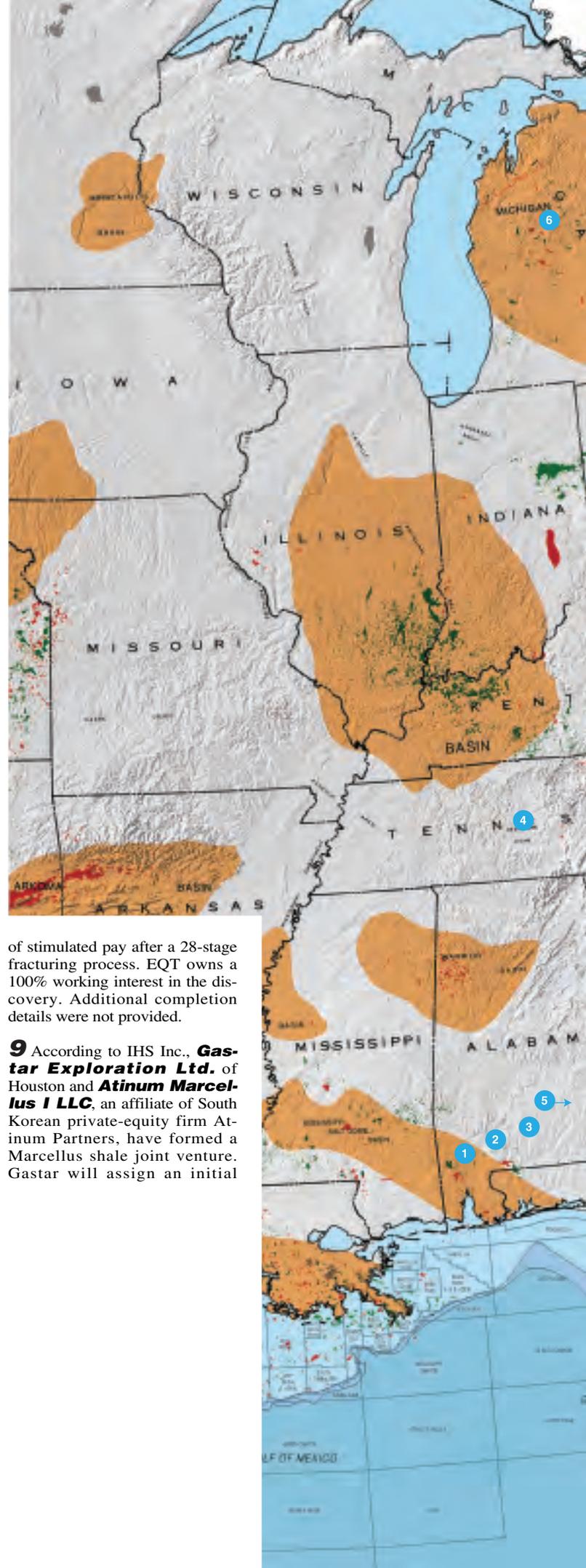
Nearby production is about 80 miles north in Kentucky and about 80 miles to the southwest in Mississippi.

5 A directional completion by **Sklar Exploration Co.** in Conecuh County, Ala., was tested pumping 472 bbl. of oil and 522,000 cu. ft. of gas per day through Smackover perforations at 10,818-58 ft. The #1 Craft-Ralls 28-16 is in Section 28-5n-13e and was drilled to 10,946 ft. According to the *Southeastern Oil Review*, Shreveport-based Sklar tested the well on an 18/64-in. choke and the flowing tubing pressure was 400 psi.

6 **OIL Niagaran LLC** spudded #24-D4 Henkel in Missaukee County, Mich. The planned 10,800-ft. Utica/Collingwood exploratory vertical test is in Section 24-21n-6w. The Traverse City, Mich.-based operator spent \$138 million at the lease sale held earlier in 2010 and picked up nearly 76,000 acres. Combined, the other companies participating in the sale paid a total \$40 million for drilling lands.

7 An exploratory test is being drilled in Jackson County, Mich., by Traverse City-based **West Bay Exploration Co.** The #1-24 BSA Great Sauk Trail Council is in Section 18-3s-2e. The Black River Lime wildcat has a proposed true vertical depth of 4,800 ft. and is expected to bottom in Section 24-3s-1e. West Bay has also scheduled #1-18 BSA Great Sauk Trail Council to be directionally drilled from roughly the same surface location as #1-18 BSA Great Sauk Trail Council. The new test is slated to bottom beneath Section 18.

8 Pittsburgh-based **EQT Resources Inc.** reported that a horizontal Marcellus shale completion in Greene County, Pa., produced 22 million cu. ft. of gas equivalent per day over a 30-day period. The #590384 Cooper featured a lateral length of 9,000 ft. Production comes from 8,411 ft.



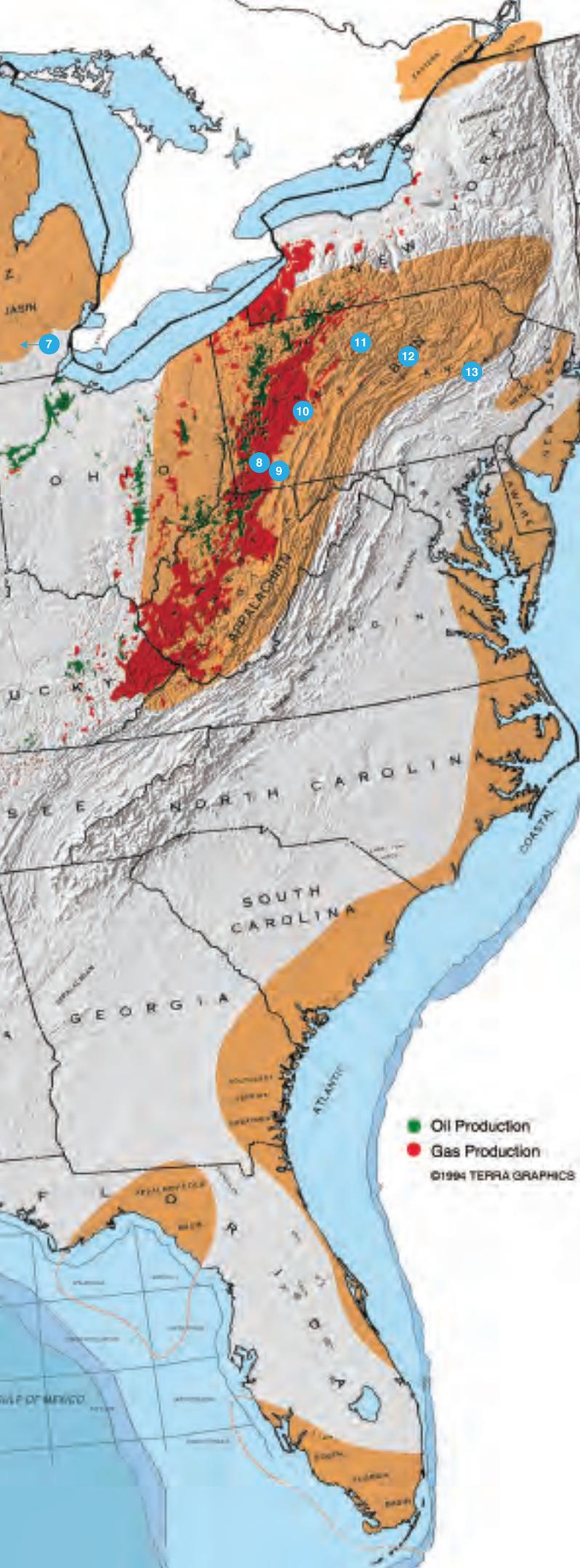
of stimulated pay after a 28-stage fracturing process. EQT owns a 100% working interest in the discovery. Additional completion details were not provided.

9 According to IHS Inc., **Gastar Exploration Ltd.** of Houston and **Atinum Marcellus I LLC**, an affiliate of South Korean private-equity firm Atinum Partners, have formed a Marcellus shale joint venture. Gastar will assign an initial

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21.43% interest to Atinum in all of its existing Marcellus assets in West Virginia and Pennsylvania, approximately 34,200 net acres, and certain producing shallow conventional wells in a transaction valued at approximately \$70 million. Atinum will pay Gastar \$30 million in cash upon closing and an additional \$40 million in the form of a drilling carry. Upon the completion of the funding of the drilling carry, Atinum will own a 50% interest in the 34,200 net Marcellus acres. Gastar will retain operatorship.

The joint venture will have an initial three-year development program that calls for the partners to drill one horizontal Marcellus well during 2010, and a minimum of 12 horizontal wells in 2011, and 24 horizontal wells in each of 2012 and 2013. An initial area of mutual interest will be established for potential additional acreage acquisitions in Ohio and New York, along with the counties in West Virginia and Pennsylvania in which the existing interests are located.

10 In Armstrong County, Pa., **EQT Resources Inc.**'s #590259 Rosborough was tested over a 24-hour period at a rate of 15 million cu. ft. of gas equivalent from a 4,060-ft. stimulated Marcellus pay zone. The well was drilled to 11,922 ft., 7,300 ft. true vertical, in Section 6, Whitesburg Quad, Plumcreek Township. Additional completion details were not provided by EQT, the 100% working interest owner.

11 In Potter County, Pa., a horizontal completion by **Ultra Petroleum Corp.** flowed 12.24 million cu. ft. of gas per day. The #902-4H Ken-Ton produced from Marcellus at 6,148-9,979 ft. after 14-stage fracture treatment in the 10,070-ft. well. Flowing casing pressure was gauged at 2,390 psi. The well is in Section 4, Marchlands Quad, West Branch Township. Houston-based Ultra holds 255,000 net acres of exploration land in the Pennsylvania portion of the Marcellus shale play and intends to

drill 140 wells (85 net) in the area.

12 Seneca Resources Corp. reported that #100 DCNR Tract in Lycoming County, Pa., flowed 15.8 million cu. ft. per day from Marcellus during a 24-hour test. The vertical discovery is in Section 6, Trout Run Quad, Lewis Township, and was tested on a 28/64-in. choke and produced from openhole Marcellus between 7,442-7,509 ft. Additional completion details were not reported, according to IHS Inc. Houston-based Seneca, the E&P unit of **National Fuel Gas Co.**, holds a 100% working interest in the well.

13 Encana Corp. has permitted two horizontal Marcellus tests in Luzerne County, Pa. The #1H Kent North and #2H Kent North are planned for the same surface location in Section 5, Red Rock Quad, Fairmont Township. In the same county, **Whitmar Exploration** is horizontally drilling #1H Buda to 10,000 ft. In nearby Columbia County, about 6 miles southwest of Encana's new locations, **Citrus Energy Corp.** has spudded one vertical Marcellus test, #1V M. Martin, and has scheduled a second well, #1V S. Farver. Encana is based in Calgary.

All data in the Exploration Highlights section is based on sources believed to be reliable, but its accuracy cannot be guaranteed. The prudent investor intending to act upon any particular data is urged to verify it with all other available sources. In no way should the publication of these items be construed as an express or implied endorsement of a company or its activities.

Most land in the U.S. is divided into townships—rectangular tracts six miles square. The township, in turn, is divided into 36 numbered sections, each a one-mile square. The lines running north-south and dividing east from west are called range lines. The lines running east-west and dividing north from south are township lines.

A well in Section 15-Township 4 north-Range 3 east is abbreviated: 15-4n-3e.