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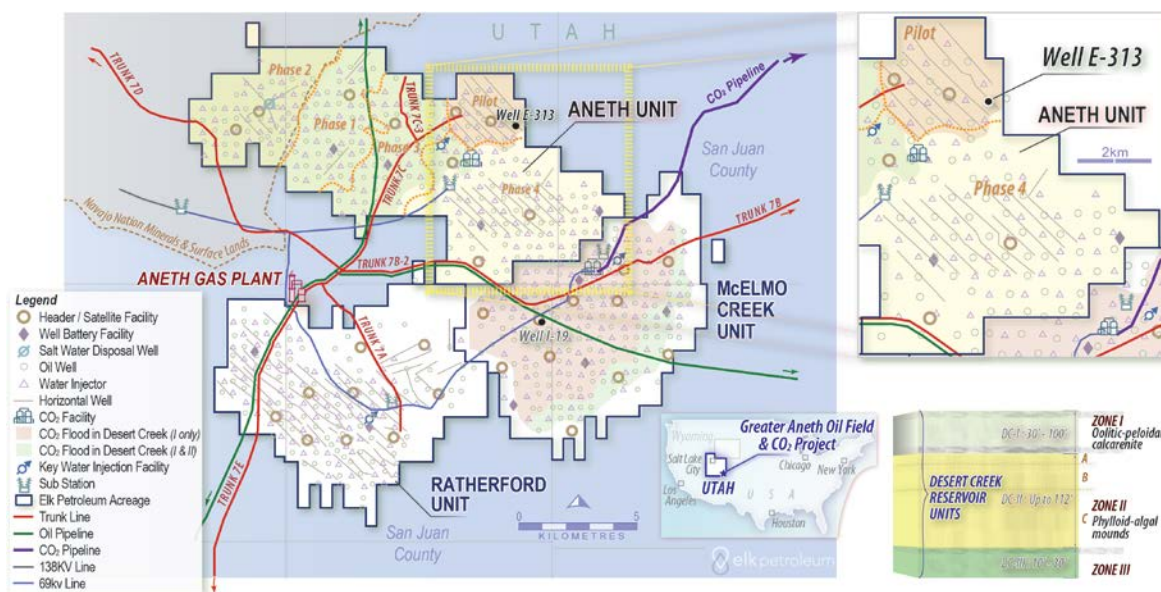
## Aneth Field Monobore Well Program delivers immediate results

### HIGHLIGHTS

- Aneth Monobore Well Repair Program commenced
- E-313 monobore well repair delivered under budget and ahead of schedule
- Long-term inactive well returned to production with a current production rate of 180 BOPD
- Project delivered for under US\$355,000 and expected payback to be within 60-days

**Elk Petroleum Limited (ASX Code: ELK)** (“Elk” or the “Company”) is very pleased to announce the commencement of the Aneth Monobore Well Program and delivering an immediate success with the repair and reinstatement to production of the E-313 oil well in the CO<sub>2</sub> EOR Flood Project area within the Aneth Unit of the Greater Aneth Oil Field (see map below).

**Aneth Unit CO<sub>2</sub> EOR Project Area Map - E-313 Well**





The E-313 well was successfully repaired with an innovative well repair design installing and cementing within the existing well bore an entirely new chromium steel large-diameter monobore tubing delivering a flexible and permanent well repair. With the new well repair solution, the E-313 has returned to production at a current free flow rate of over 180 BOPD at a 10/128 choke from the Desert Creek Zone 1 reservoir unit (a rate more than double the rate when the well was temporarily abandoned) for a total gross capital cost of less than design US\$355,000 (Elk share approximately US\$220,000). From this first operation, Elk has identified further cost reductions to be employed on future monobore repair wells, that will provide for US\$300,000 per well. At current oil prices and well flow rates the full cost of the E-313 well repair is expected to payback within 60-days and the well is expected to have an estimated ultimate recovery of approximately 500,000 barrels of oil – an incremental capital development cost of US\$0.71/barrel.

The E-313 was a long-term inactive production well, temporarily abandoned due to deterioration of the original conventional carbon steel well casing and production assembly that had significant mechanical integrity issues. The well had previously been deemed marginally economic to repair or replace by the previous operator using traditional well workover techniques that would require subsequent major repairs, or conventional new drill well design. A limited lifespan traditional well workover would have cost over US\$450,000. A new drill and completion for a replacement production well utilizing conventional well design was estimated to cost approximately US\$2.5 million.

### **What is the Aneth Monobore Well Program?**

A monobore new well or re-completion configuration is a proven oilfield application that uses a production conduit with a uniform internal diameter throughout its entire length. Utilising differing monobore applications Elk will repair damaged wells and complete new wells in its forward programmes. This type of completion offers several advantages over traditional drilling and completion schemes; some associated with wellbore construction, others with remedial operations and all at a reduced cost. In addition, Elk's utilisation of chrome steel monoboires halts future well corrosion issues requiring costly remedial interventions and optimising flexibility to switch the well between oil production and CO<sub>2</sub> or water injection, essential in a long-life CO<sub>2</sub> EOR field. Monobore completions in both oil and gas wells are increasingly being used by multiple operators in Australia's Cooper-Eromanga basin for exactly these cost advantages.



**Elk's CEO, Brad Lingo commented:** "This is a great start to the 2018 Aneth development programme. It demonstrates that combining the deep knowledge that the Aneth operating team has built up over the years with fresh thinking that new ownership brings is a very powerful combination. There is an incredibly deep portfolio of these repeatable, safe, cost-reducing development projects across the Greater Aneth Oil Field. Bringing this together with a clear commitment and focus on realizing the full potential of the Aneth Oil Field CO<sub>2</sub> EOR Project redevelopment is really going to deliver value for Elk's shareholders with immediate results today and well into the future."

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**ABOUT ELK PETROLEUM**

Elk Petroleum Limited (ASX: ELK) is an oil and gas company specialising in Enhanced Oil Recovery (EOR), with assets located in one of the richest onshore oil regions of the USA, the Rocky Mountains. Elk's strategy is focused on applying proven EOR technologies to mature oil fields, which significantly de-risks the Company's strategy of finding and exploiting oil field reserves.