



## SALINAS ENERGY DRILLING UPDATE

- **North San Ardo production wells currently being completed with workover rig**
- **North Yowlumne 2-26 intermediate casing set at 11,500 feet and drilling ahead**
- **McCool Ranch Capps 1-22H drilling ahead in horizontal section**

### North San Ardo Production Update

The recently drilled horizontal production wells, Lombardi 5-27 and Lombardi 9-27, are currently being completed for production. These wells will be cleaned up and produced into the permanent facilities which are nearing completion and are expected to be operational before the end of this month. Total field production of around 1,000 bopd is forecast to be achieved once all wells are tied into the facility. Current production limited by the transitional facilities is around 300 bopd.

### North Yowlumne 2-26

The North Yowlumne 2-26 is about to drill ahead after setting intermediate casing to 11,500 feet. The well is expected to drill into the primary target Stevens Sandstone within the next week. The primary target is predicted at 12,700 feet.

The well is located approximately 0.5 miles north of the North Yowlumne 1-26 well which last year recovered light oil from Miocene age reservoir. According to Salinas mapping on 3D seismic, the first well was drilled on the edge of the large North Yowlumne trap and better sandstone reservoir development is expected at the current well location.

### Capps 1-22H Horizontal Well (McCool Ranch)

The Capps 1-22H well has been successfully drilled into the Lombardi Sandstone oil reservoir of the Company's 100% owned McCool Ranch heavy oil field. Casing has been set and the well is about to drill ahead in the horizontal production section. The Ensign 508 drilling rig, which has drilled all the wells in the current drilling campaign, will then be released.

The Capps 1-22H well will be production tested to determine the size and commercial significance of the field prior to planning for the next stage of field development work.

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