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SPOTLIGHT: Tamaska on the cusp of 10 mmbbl

12 Dec 2013

For **Tamaska Oil & Gas**' (TMK) board, the calibre of this year's Christmas cheer will depend on the outcome of the high-risk big-return Lawrence Farms-1 well, currently drilling at the 4,455 feet mark and targeting the multi-million barrel Rend Lake oil prospect in Illinois, USA.

Operator **Anschutz Exploration Corporation**, who acquired 50% working interest in the project in August, spudded



(<http://www.oilgasgazette.com.au/Story/tamaska-free-carried-in-kickstart-well>) the well at no cost to Tamaska in mid-November, targeting 67.5 million barrels of recoverable oil and 200 mmbbl original oil in place.

At Tamaska's 20% WI (15% net royalty interest), this attributes 10.1 mmbbl net to the company; a success case that chief executive Alex Parks labels a "company maker", but at just over 6,500 ft depth the Rend Lake target is sitting on unknown ground.

With the initial end-date pegged as Christmas day, Parks expected to be biting his nails nervously while sitting at the family table, but Tuesday's drilling update has moved the expected completion date ahead a week to 17th December.

Spawning a giant

Tamaska first entered Rend Lake in September (<http://www.oilgasgazette.com.au/Story/tamaska-buys-into-illinois>) this year, after Anschutz signed a farm-in agreement with direct holder **Jupiter Oil & Gas** (30% WI), but according to Parks Tamaska has been involved since Jupiter first picked it up.

“It’s a bit of a romance story,” he told *Oil & Gas Gazette* (<http://www.oilgasgazette.com.au>). “A geologist first discovered the potential of Rend Lake, which sits underneath a coal field, about 15 years ago, but had to wait for the coal to be mined out.

“When that happened he gave two of our shareholders a call – Craig Burton and Charles Morgan, who is Tamaska’s chairman, - told them what he thought was there and asked if they wanted to be involved. They formed a private company, Jupiter Oil & Gas. From there we bought a 20% WI and farmed out 50% to Anchutz.”

The project comprises five leases covering 9,040 acres in Franklin County, Illinois, and was pegged with the central Rend Lake prospect in mind.

The target was identified through the mapping of an extensive sag in the overlying Pennsylvanian coal section during underground mining and runs north-south for around 10 miles extending under Rend Lake to the north, with the core area expected to be a 400-600 metre-wide zone of high permeability hydrothermal dolomite.

Tamaska believes the sag is a result of solution collapse in the underlying Ordovician-Devonian Carbonates, caused by the migration of hot brines from the deep Illinois Basin along the Rend Lake Fault.

“This prospect is very unusual,” Parks explained. “It’s not the usual dome structure, where you look for oil on a high; this stratigraphic trap is essentially in a syncline which runs along the Fault Line.

“What we think has happened is that a system of thin caves have been formed by hot brine being expelled from the basin centre to the south, later oil has migrated through on the way to charge some of the producing fields in the Illinois Basin - which is a prolific basin, producing over 4 billion barrels of oil, with over 140,000 wells drilled.

“What we hope is that the potentially massive accumulation of oil is still there.”

He admitted that these kinds of reservoirs are very rare, with only a few around the world, as geological settings have to perfectly align to accumulate the oil. As such the prospect is “extremely subtle and hard to identify” because of its depth and the nature of the formation.

That being said, Tamaska isn’t basing its activity on blind faith, with extensive drilling to the east and west of Rend Lake hitting dolomite, proving oil has been through there, and similar sag discoveries in Michigan suggesting oil pool is repeatable. The question is whether oil remains in the central area.

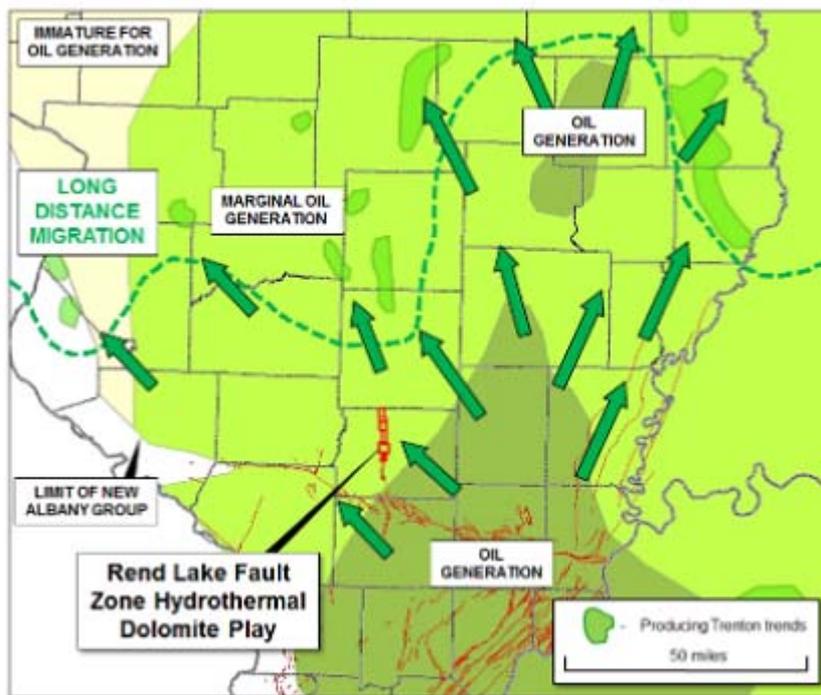
Long time coming

Illustrating the subtle nature of these features, the Albion-Scipio Field in Michigan is a similar reservoir, discovered in 1957 (and that was by accident). The field is 22 miles long and was developed and delineated by over a thousand wells, but the adjacent hydrothermal dolomite play a few miles away, Stoney Point, wasn't identified until 1982.

"The Albion-Scipio Field geologically isn't exactly the same as Rend Lake but it's very similar," Parks explained. "It was discovered back when they didn't have seismic, so their method of finding oil was just drilling hundreds of wells and seeing what happened.

"What they discovered was there were producing wells which encountered areas of the field where the drill bit just dropped 60 feet down into an open cavern of oil, and these wells produced well over 1,000 barrels of oil per day, so these were big targets.

"That's what we're looking to replicate now - this well isn't like the shale wells that are producing only 100 boepd; this is conventional oil and it has the potential for payback within weeks or months. If we hit it then we turn from a \$5 million company to a \$200 million company."



Near Albion-Scipio are the Rice Creek and Napoleon hydrothermal dolomite fields, discovered in 2006 and 2008 respectively. Napoleon was fully appraised and developed with only forty wells after being covered with modern seismic.

Parks believes the application of modern technology and techniques have brought these kinds of plays a high drilling success rate and Rend Lake's three lines of seismic, running across the play west to east over the coal mined areas, gives Lawrence Farms-1 a fighting chance.

Vertical stability

Anshutz is free carrying Tamaska for the first \$1 million of the estimated \$1.4 million dry hole cost of Lawrence Farms-1, with subsequent wells to be funded at Tamaska's working interest of 20%.

In the event of a discovery, the prospect will be appraised and determined with 3D seismic and further drilling, most likely including horizontal wells south and west of Rend Lake.

Tamaska released an update on Tuesday confirming Lawrence Farms-1 is drilling ahead in the New Albany Shale, which provides a regional seal for the secondary reservoir targets of the Lingle and Grand Tower Devonian Limestones.

The well will continue to drill through the primary targets of the Ordovician, Trenton-Black River formations beneath the Maquoketa and Galena Shales.

The target depth is expected to be reached in the next five to seven days on a trouble free basis.

Eye on the prize

For Parks, the return is in the geological find. Before joining Tamaska in 2011 he was chief executive of **Otto Energy** (OEL) and worked for **CUE Energy** (CUE). He continues to act as a consultant to several established explorers and producers in Australia and the US, but says the Rend Lake discovery is potentially one of a kind.

“I’ve worked all around the world, from the Philippines to South America, in both consulting and operating companies, but I’ve never seen a hydrothermal dolomite reservoir like this,” he said.



“This is something different.”

Tamaska also holds acreage in Canada, where it is selling down (<http://www.oilgasgazette.com.au/Story/mako-finds-partner-for-crack-at-duvernay-shales>) its 8% WI in 60,000 acres to avoid the \$5 million per well expense, and a 12.5% interest in Fusselman, Texas, where Clayton Johnston-3F is currently producing at 30 bopd and 200 barrels of water per day.

The company is eventually looking to squeeze off the water in the well to improve oil rates, but as there’s a 30% chance the well could be lost it is holding out and continuing to produce before it takes the risk.

At West Klondike in Louisiana (10.2% WI), the company is setting up production facilities and an export pipeline to exploit the Wilbert Sons LLC-1 well, with installation to be completed early next year at an estimated cost of US\$260,000 net to Tamaska.

Oil/wet gas production is expected to commence at 2-3 million cubic feet per day and 30-50 billion cubic feet per day in early 2014.

Tamaska Oil and Gas (/Tags/Tamaska%20Oil%20and%20Gas) , **TMK** (/Tags/TMK) , **Rend Lake** (/Tags/Rend%20Lake) , **Illinois** (/Tags/Illinois) , **Lawrence Farms-1** (/Tags/Lawrence%20Farms-1) , **Anshutz Exploration Corporation** (/Tags/Anshutz%20Exploration%20Corporation) , **USA** (/Tags/USA) , **Jupiter Oil and Gas** (/Tags/Jupiter%20Oil%20and%20Gas) , **Otto Energy** (/Tags/Otto%20Energy) , **OEL** (/Tags/OEL) , **Cue Energy** (/Tags/Cue%20Energy) , **CUE** (/Tags/CUE) , **Canada** (/Tags/Canada) , **Texas** (/Tags/Texas) , **Louisiana** (/Tags/Louisiana)

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Address

Unit 1, 34 Kings Park Rd
West Perth
WA 6005 Australia

Postal Address

PO Box 849, West Perth
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Ph:(08) 9382 3955

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