Range Energy announces Shewashan operations update

Range Energy {CSE: RGO} have issued an update provided by Gas Plus Khalakan, operator of the Khalakan PSO in Iraqi Kurdistan.

Current production is 1,700 BOPD, with various workovers in progress which will increase this in due course.

Mr. Toufic Chahine reports

RANGE ENERGY ANNOUNCES SHEWASHAN OPERATIONS UPDATE

Gas Plus Khalakan (GPK), the sole contractor of the Khalakan production-sharing contract in the Kurdistan region of Iraq, issued an operations update regarding the Shewashan field.

The early production facility at Shewashan started operation in June, 2017.

Shewashan No. 4

The fourth well drilled on the Shewashan field, Shewashan No. 4, has been completed as a deviated producer in the Qamchuqa reservoir formation only to first extract remaining recoverable oil from this reservoir. There are future plans to recomplete on the Kometan and Shiranish reservoirs. The well was put on production at a rate of 500 barrels per day and is connected to the early production facilities. The well completion utilized a hydrajet targeted acid stimulation through coiled tubing to enhance production from the fracture network. This is a technique that may now be applied to the other existing wells on the Shewashan field to further enhance productivity in the Qamchuqa and Kometan reservoirs. Water production is approximately 2,500 barrels per day, an amount which is well within the design parameters of the new early production facilities.

Shewashan No. 1

The Shewashan No. 1 well has been sidetracked and a new 4.5-inch liner has been installed. The well has now been recompleted on the Qamchuqa reservoir formation and is producing 750 barrels per day on a 24/64ths-inch choke and is currently water-free. This well did not require a hydrajet targeted acid stimulation.

Shewashan No. 2

The Shewashan No. 2 well, which was previously producing 250 barrels per day from the Shiranish reservoir, is currently being sidetracked as the water isolation program conducted in Q2 2017 has resulted in reservoir damage that cannot be repaired. Production from the well is expected to be further enhanced with the stimulation techniques once a 4.5-inch liner has been installed.

Shewashan No. 3

The Shewashan No. 3 well has been producing at 500 barrels of oil per day from the Kometan formation, but plans are now being made to return the production to the Qamchuqa reservoir utilizing the selective completion already installed in the well.

Oil sales

Total oil production for H1 2017 was 292,861 barrels. This amount is significantly below that required to meet forecast annual production targets. The contributory factors were delays associated with drilling Shewashan No. 4 and the recompletion of Shewashan No. 1 and No. 2, trucking and logistics challenges, and water production rates that limited oil production rates until the new early production facilities were installed and completed in June.

In total, cumulative field production to date exceeds 1.25 million barrels and all invoiced amounts for oil sales have been received. Current total field production is 1,500 barrels per day. The stabilisation of Brent oil prices will allow GPK to operate profitably once the continuing workovers have been completed.

Budget

The gross remaining budget for the balance of the year is approximately $10-million, of which a portion will be offset by revenues associated with production. Range’s net share of this budget will be approximately $2.5-million.

The company is a 24.95-per-cent indirect shareholder of GPK through its ownership of 49.9 per cent of the shares of New Age Alzarooni 2 Ltd. (NAAZ2). NAAZ2 owns 50 per cent of the shares of GPK.

Production rates and quantities, reserves and resources, both projected and historical, are provided in this release according to disclosures provided by GPK. Range expects GPK to utilize reporting procedures that are in compliance with the Canadian Oil and Gas Evaluation(COGE) Handbook standards and National Instrument 51-101, Standards of Disclosure for Oil and Gas Activities.

We seek Safe Harbor.