



Contact: Dennis Dean, (414) 274-3003 Cell (414) 405-8197

MICROHOLE TECHNOLOGY SUCCESSFUL IN SHALLOW, LOW-MARGIN FIELDS

Gas Technology Institute research shows profit possible

Des Plaines, Ill. — September 23, 2005 — Gas Technology Institute (GTI) of Des Plaines, Ill., with the support of NETL, the U.S. Department of Energy’s National Energy Technology Laboratory, announces the successful field-testing of a coiled tubing drilling rig in shallow, low-margin natural gas fields in Kansas and Colorado.

The field tests demonstrate the efficiency of microhole technology, enabling a crew to move in, rig up, drill, rig down and move out within a day, with minimal environmental impact. To date tests have concentrated on Niobrara Chalk reservoirs drilling up to 4.75 inch open holes from 1,000 to 3,000 feet in depth. The wells are being drilled by Rosewood Resources, Dallas, Texas.

“In the 1980s the price of natural gas and crude oil did not make these fields viable,” said Kent Perry, executive director of exploration and production research at GTI. “Today, minimal environmental footprint and drill time plus low cost makes microhole technology a viable option in the recovery of petroleum and natural gas from marginal natural gas and oil fields. It’s important to note that these gas reserves can be accessed using microhole technology,” The United States Geological Survey (USGS) has estimated the potential recovery from the Niobrara Chalk reservoirs to range from 340 billion cubic feet (BCF) to 2,100 BCF, with a mean recovery of 984 BCF. By comparison, the U.S. consumes approximately 25,000 BCF per year.

Microhole technology is not limited to natural gas recovery. With a recent Rand report that the United States is sitting on greater oil shale reserves than the Saudis, and in the wake of recent hurricane impact on off-shore oil rigs and on-shore refineries, this technology could help increase U.S. energy independence, as well as margins for drilling contractors.

Major features of the coiled tubing rig owned and operated by Advanced Drilling Technologies, Yuma, Colorado include:

- Efficient Rig Mobilization (4-6 staff members)
- Small environmental footprint
- Rapid drilling
- Good hole quality and cement
- Rig capable of drilling, running casing, tool handling and logging
- Low noise, emissions
- Mud recycle, minimum cuttings and zero discharge if required
- Improved safety

###