

# Two Big Winners Here-----Encana & the Shareholders

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On Feb 27, 2013, tank trucks were once again hauling oil from the Encana lease on the west edge of Pawhuska. Encana had shut the entire lease down, waiting on ROW access problems for a pipeline to take away the gas to be resolved. Now that that has been fixed, and construction on the gas system completed, Encana has apparently resumed their testing program for these 3 wells and once again, the oil is flowing into the tanks.

This is the lease where the 1<sup>st</sup> of 3 wells to be tested, flowed all 8 storage tanks in the tank battery completely full in the first 36 hours of the test. Then, due to BIA's failure to have the tanks properly marked, sale and shipment of the oil was delayed a couple of days until the new BIA Acting Superintendent was made aware of the problem. I think things must have hit the proverbial fan about then, because the numbers were quickly stenciled onto the tanks and the oil was loaded out and gone, literally before the paint was dry.

I was told that the oil from this one well first being tested, yielded \$50,000.00 in royalties to the Osage Shareholders for these first 8 tanks of oil. My pencil says that this translates to about 1850 bbl per day. As I understand it, all they did was open a valve and let it flow. I don't think they even started the pump. On top of that, now that the pipeline is hooked up, we will be getting a nice royalty on the gas produced, also. This rate of flow will decline somewhat as the bottom hole pressure decreases with production, but at this rate, this well will pay for itself very quickly. I guess this could be called "a gusher under control." I heard a producer say the other day that "these horizontal wells just haven't proved to be successful yet." Well, I hope he hears about this one. I'll bet he would like to have one like this in his portfolio----horizontal, up-side-down, or whatever direction it may go.