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The Manager Companies  
Company Announcements  
Australian Securities Exchange  
Level 40, Central Park  
152-158 St George's Terrace  
Perth WA 6000

By: e-lodgement

(ASX code: IOG)

### **SILVERTIP PRODUCTION 500 boepd**

Incremental Oil and Gas ("Incremental" or "the Company") is pleased to provide details of the production data for its recently acquired Silvertip Oil and Gas Field, located in Wyoming USA.

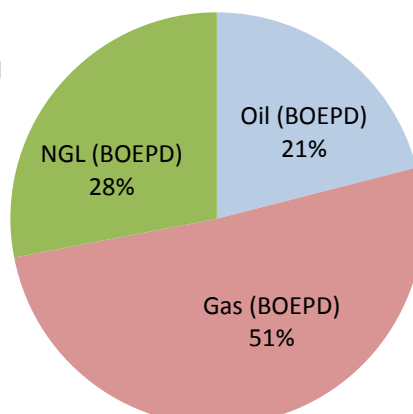
#### **KEY HIGHLIGHTS**

- Daily production at Silvertip is levelling out at approximately 500+ boepd
- Company-wide production increases to ~700 boepd
- Phase I work-over program to return wells to production has been implemented (Three wells were returned to production the last two weeks of July)
- Detailed reviews for Phase II work-over program for production increases at Silvertip in progress

#### **PRODUCTION PERCENTAGE BREAKDOWN**

The Silvertip Field produces from multiple reservoirs and is a multiphase production stream consisting of oil, natural gas, and natural gas liquids (NGL's) that are stripped from the liquids rich gas stream. Below is the breakdown of the multiphase hydrocarbon production.

#### **PRODUCTION BREAKDOWN**



## **PHASE I WORKOVER & RETURN OF PRODUCTION**

The Phase I work-over program, which commenced in the last part of July, is the return of a number of wells that have had downhole mechanical problems to production. Oil and gas is now being extracted at a normalized production rate and operations are running smoothly. Four new employees, some of whom have previously worked at the Silvertip Field, have joined the team, and they are being led by new Silvertip Operations Manager, Craig Parker, who has over 29 years of field experience in the oil and gas upstream sector with an in-depth knowledge of drilling, downhole and surface production operations.



*A Silvertip well being worked-over, wellbore being cleaned out and hydro testing the tubing*

All of the modifications and installation of the new compressors equipment at the hydrocarbon liquids stripping plant were finalized in June.



*Hydrocarbon liquids stripping plant at Silvertip*

## **SALES DISTRIBUTION AND PRICING**

Oil is sold to a terminalling/oil storage company and is delivered to local transportation facilities by the purchaser. Pricing is based on "Light Sweet Crude Oil" contract reported by "NYMEX" less a transport deduct.

The natural gas from the field is centrally gathered through an in-field pipe network and compressed through the Silvertip compressor station, then processed through the Silvertip hydrocarbon liquids plant. This facility is utilized to process the high BTU gas and recover the heavier gaseous hydrocarbons (NGL's) through a refrigeration process. The NGL's are stored in 30,000 gallon (113.5 kilolitres) propane pressure vessels until sold.

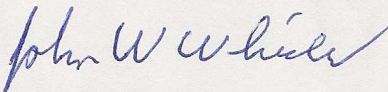
The processed gas is transported via IOG's pipeline into Montana and sold at two separate delivery points. The gas is measured and sold by MMBTU<sup>1</sup>. Pricing is based on CIG Rocky Mountains daily.

## **PHASE II PRODUCTION GROWTH PROGRAM**

Incremental is in the process of completing a detailed field review on a well by well basis to identify alternative field production improvement options and techniques.

More detail on the Phase II development will be provided in due course once the planning is finalised.

Yours sincerely



**JOHN WHISLER**  
**Managing Director**

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<sup>1</sup> MMBTU – one million BTU's.