

**ASX Announcement/Media Release**

**14 January 2016**

**RESERVE INCREASED BY 75% AT SILVERTIP FIELD**

- **Proven Developed Producing (PDP) reserves have increased by 75% to 1,022 MBOE;**
- **Proven Developed Non-Producing reserves identified through recent successful recompletions.**

Incremental Oil and Gas (ASX:IOG) has increased its independently certified net Proven Developed Producing (PDP) reserves by 75% to 1,021.7 MBOE<sup>1</sup> at its Silvertip Oil and Gas Field in Wyoming USA.

The PDP reserves comprise 4.068 Bcf of natural gas and 343,700 Bbl of oil.

27 wells were worked over in Q4 2015 following detailed analysis by Incremental's technical team, which resulted in production increases as reported on 9 December 2015. The production increases have translated into the uplift in PDP reserves.

**Proven Developed Non-Producing Reserves (PDNP) -**

Two successful recompletions undertaken in Q4 2015 have proved behind pipe productivity from reservoirs shallow to the main producing zone in the field.

The two pilot recompletions indicate that similar zones can be produced economically from existing wellbores. Independent technical analysis is underway to determine the PDNP reserves for the Field.

The PDNP reserves will add to the PDP reserves to comprise the company's Proven 1P Reserves and will be reported once independently verified.

Incremental is the operator of the Silvertip Field with 100% of the working interest and approximately 82.5% NRI in the production which ensures it will retain control of any future development opportunities from this asset.

**ENDS**

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<sup>1</sup> Initial net reserves of 581,000 BOE for the Silvertip Field were disclosed in a release filed with the ASX on 1 July 2015. These reserves are classified as 1P in accordance with SPE-PRMS guidelines.

## About the Company:

Incremental Oil and Gas Ltd is a USA onshore focused oil and gas development & production company. Its strategy is to identify and acquire low risk, underperforming oil and gas fields and apply modern technology and expertise to increase production and enhance hydrocarbon recovery.

The Company's primary focus is field development & production, with a strong emphasis on generating cashflow. Incremental has a portfolio of oil and gas producing projects in Wyoming, Colorado and California, USA.

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## GLOSSARY

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Bbl -	One barrel of crude oil, 42 US gallons volume liquid
Behind-pipe -	Behind-pipe reserves are expected to be recovered from zones in existing wells, which require additional recompletion work prior to the start of production
Bcf -	One Million cubic feet (natural gas volumetric measurement)
BOE -	Barrels of oil equivalent, where the conversion of gas to boe is determined using ratio of six (6) Mcf of natural gas to one barrel of oil
BOEPD -	Barrels of oil equivalent per day
MBOE -	Thousand BOE
MBOEPD -	Thousand BOEPD
Mcf -	One thousand cubic feet (natural gas volumetric measurement)
NGL's -	Natural gas liquids are naturally occurring elements found in natural gas, and include propane, butane and ethane, among others. The liquids are extracted from the natural gas and sold separately from the gas
NRI -	Net revenue interest
Recompletion -	After the initial completion of a well, the action and techniques of re-entering the well and redoing or repairing the original completion to restore the well's productivity
Workover -	The repair or stimulation of an existing production well for the purpose of restoring, prolonging or enhancing the production of hydrocarbons

## **Reserve disclosure -**

Reserve information provided in this ASX Announcement/Media Release for the Silvertip Field are derived from an independent third party report effective November 1, 2015 prepared by Mr Kent Lina who is a Professional Engineer registered in the State of Texas, USA. Mr Lina has 35 years of oil and gas experience, with in excess of 25 years of reservoir evaluations.

The estimate of oil reserves and resources for the Silvertip Field was prepared in accordance with the guidelines set forth in the SPE/WPC/AAPG/SPEE Petroleum Resource Management System (2007). Mr Lina consents to the inclusion of this resource information in this release as it appears and information relating to the Reserves is based on, and fairly represents, information and supporting documentation prepared by Mr Lina.

The reserve information provided reflects Incremental's economic or net revenue interest in the Silvertip Field of approximately 82%. Reserves were assessed based on a deterministic methodology. The quantities of oil and gas that are represented in this report have been determined using geological and engineering data which demonstrates that the hydrocarbons can be recovered from known reservoirs under current economic conditions with reasonable certainty. The evaluation relates only to recoverable reserves and makes the assumption that existing surface facilities and infrastructure remain sufficient to produce those reserves.

Incremental is the holder of title to the tenement/leases held covering the Silvertip Field which is the subject of the Report. Incremental is the operator and holds a 100% WI in the leases. Approximately 93 existing wells on leases that are operated covering 5,250 net acres were reviewed for the preparation of the reserve report. Mr Lina completed an analysis of the available technical data including the geological and geophysical interpretation presented to him by Incremental, publically available production history and other information from relevant nearby wells and analogous reservoirs. For the purpose of the reserve estimate, recoverability is primarily based on actual production rates or appropriate well test information in conjunction with various engineering and geological data such as reservoir pressure, anticipated producing mechanisms, the number and types of completions and past performance of analogous reservoirs.

It is estimated that 24% of gas produced from the gross reserves is used for fuel in-field to produce and process the gas and associated NGL's. This fuel gas is not included in the net reserves stated in this report. The reference point for determining the reserves as stated in this report is the point of sale of the hydrocarbons.