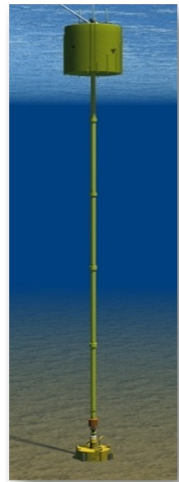


Funding for Project

Nautilus responded to two specific requests for Proposals (RFPs) covering the use of coiled tubing for a cost effective way of conducting deep water intervention and another for deep water early testing technologies. Nautilus is conducting two projects which are co-funded by Research Partnership to Secure Energy for America (RPSEA) www.rpsea.org:

Coil Tubing Drilling and Intervention System Using a Cost Effective Vessel

addresses the growing need for a low cost well intervention system in deep water subsea wells. The enabling technology is a patented self standing riser that will provide companies with a safe and affordable way to complete, re-enter and maintain sub-sea wells.



Self-Standing Riser (SSR)

Early Reservoir Appraisal, Utilizing a Well Testing System will develop an integrated “general source” to deal with varied disciplines needed to plan, cost and run deep water tests in the Gulf of Mexico. This project will provide a way a company can evaluate all the possibilities for deep water testing in the Gulf of Mexico to determine the optimum options to test including the planning, costing, and operational requirements.

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Nautilus International LLC.



Early Reservoir Appraisal Utilizing a Well Testing System

Project Summary

RPSEA Project 2501

Early Reservoir Appraisal Utilizing a Well Testing System

Background

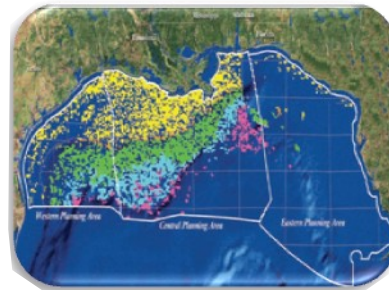
Deepwater well testing in the Gulf of Mexico (GOM) is not adequate, primarily due to the high cost of conventional equipment. Appropriate low-cost deepwater well production testing systems would provide an incentive to perform early longer term well tests to help define reservoir characteristics, economics and field management. Well testing for the deep water GOM could be the major enabler to prove up billions of barrels of oil equivalent. Recent discoveries in the deep water imply massive accumulations of oil, in the billions of barrels, and possibly multi-TCF of gas. To ascertain the oil or gas in place, production potential, and ultimate recovery factors requires more than electric logs, cores, 3-D seismic, and MDTs. Because of the high cost and extended times to drill these deep water wells, the appraisal well concept to prove commerciality is usually not economically viable for many parts of the GOM.



Seillean

Nautilus International LLC (NI) is leading a world class team of experts who are evaluating the various GOM deepwater reservoirs to identify the facility design criteria required for deepwater well testing systems and will conduct a thorough analysis of various well testing systems.

If systems for cost effective early testing could be developed and implemented, the impact on the deep water GOM developments would be immense. Since there are so many varied disciplines needed to plan, cost, and run deep water tests, there needs to be an integrated approach where a company can go to one "General Source" that can help optimize the well testing system for any GOM application. This initiative will provide a way a company can look at all the possibilities for deep water testing in to determine the optimum options to test, including the planning, costing, and operational requirements.



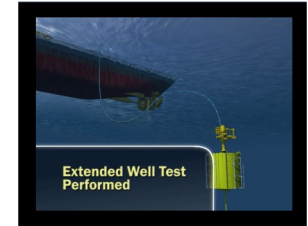
Project Goals

- Provide a roadmap for well testing options in deep water GOM
- Evaluate various well testing systems to optimize deep water well testing in the GOM
- Provide management with a tool to *value* the application of early well testing on deep water wells
- Provide engineers and geoscientists with a way to *compare* various well testing systems for deep water testing applications
- Provide a *practical* guide for deep water well testing designs and operations

- Create computer based spread sheet for various well testing systems for deep water applications in the GoM focusing on the four major deep water reservoir plays
- Phase I completed end of 2010

Nautilus International LLC

NI is dedicated to providing solutions to reduce the cost of drilling, completing and producing deep water offshore wells. The foundation of the Nautilus technology is a patented self-standing riser (SSR) that allows companies to economically drill, complete and test wells without expensive MODU drilling vessels. It also allows companies to operate during hurricane seasons without pulling risers, thus allowing more operational time in



a safe and cost effective manner. This technology-based solution helps clients realize increased value from their strategic business resources and innovative technologies for recognized deep water GoM challenges like early testing of deep water wells, cost effective ways for doing deep water intervention, and ways to improve recover factors for deep water reservoirs via water and possibly carbon dioxide injection.

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