Wedgemount Rapidly Moves to Oil Producer with Permian Acquisition

written by InvestorNews | March 1, 2023

After announcing the signing of an agreement to acquire "producing" oil and gas assets in the Permian Basin in December 2022, Wedgemount Resources Corp. (CSE: WDGY | OTCQB: WDGRF) ("Wedgemount") has rapidly moved into the oil producer category. The Company has also quickly increased barrels of oil equivalent per day ("BOEPD") production as it implements its growth strategy.

On December 19, 2022, Wedgemount announced the signing of an agreement to acquire "producing" oil and gas assets (known as the Willowbend Light Oil Project) in the Permian Basin of West-Central Texas, North America's number 1 oil-producing region. Earlier this month, the Company announced production increases from well and formation chemical treatments and then last week announced further gains in production as it "shows" the market it can successfully execute on its plans.

Willowbend Light Oil Project (Texas)

Wedgemount's Definitive Agreement means that they will acquire a 100% working interest (purchased for US$1.5 million to be paid in installments) in 640 acres including five leases, eleven producing wells, and all surface facilities. At the time of purchase, production from the eleven wells was approximately 25 barrels of oil per day of high quality, low-decline, operated production (and some associated natural gas production). The area's geology consists of numerous hydrocarbon-producing

formations which will also be targeted by the Company giving potential to expand operations in the future.

Production expands rapidly from 25 to 104 barrels of oil equivalent per day, with the potential for a lot more

In February 2023, Wedgemount announced that they had commenced a phase-one field program at the Project to optimize wells and improve production.

Wedgemount CEO Mark Vanry clearly outlined the Company's strategy:

> *"Wedgemount is delighted to secure a highly scalable and profitable light oil asset in North America's most prolific producing hydrocarbon basin. The asset has tremendous production upside potential including low-cost optimization of existing wells, new vertical and horizontal wells, targeting of underdeveloped zones and the implementation of secondary recovery through water-flood. We're optimistic that together our local partner, we'll be able to add additional highly prospective targets in the immediate area during calendar 2023."*

Then on February 22, the Company announced its success from its initial work with the rise in barrels of equivalent oil per day to 104 from 25, a 316% increase:

> *"As of February 16, 2023, the five-day average Willowbend field production was 104 boepd, which represents a significant increase from the Q4 2022 average of 25 boepd."*

From 25 to 104 barrels of oil equivalent per day produced (from the chemical treatments) is an incredible result. And done from treating only 3 of the 11 wells so far, with more to follow. Workovers of the wells infrastructure can improve this further. Wedgemount anticipates well workovers and surface optimizations will commence in April 2023, which Wedgemount is optimistic will continue to add incremental production to the field.

Wedgemount's CEO Mark Vanry sees further expansion potential later in 2023 and into 2024 stating:

> *"We've mapped 36 million barrels in place and on a primary recovery can probably get 10-12%……..that's just one of a multitude of these bypass pay zones that will be the real blue sky for Wedgemount…."*

The Petrosaurus partnership and its "proprietary oil well chemical treatments" are key competitive advantages for Wedgemount

Effectively Wedgemount is now a rapidly growing small oil producer, albeit with their partner Petrosaurus Inc. who is a San Antonio-based turn-key oil field services operator with over 40 years of track record in central Texas. Petrosaurus has key relationships with landowners and businesses in the area. Petrosaurus' proprietary oil well chemical treatments are a key component of Wedgemount's strategy of acquiring and optimizing under-performing conventional light oil assets in central Texas. Wedgemount estimates that it can add oil production by spending US$5,000 per flowing barrel increase and it results in a payback period of fewer than 100 days.

Wedgemount Resources and partner Petrosaurus are working to acquire and improve underperforming oil wells in Texas



Source: Wedgemount Twitter

Petrosauraus' Senior Operations Manager Heidi Flag and her colleagues have over 40 years of combined experience providing solutions for the oil and gas industry.

Wedgemount's CEO Mark Vanry has an excellent track record of success with over 20 years of experience in the resources and capital markets sector. In fact, he has personally raised over $2 billion of capital for resource companies which is an exceptional achievement. Wedgemount also has a very experienced team including 2 seasoned geologists. The combined Wedgemount management team has over 75 years of industry experience.

Closing remarks

Wedgemount's strategy is to acquire and dramatically improve the performance of underperforming oil wells in Texas using modern techniques. Their maiden oil acquisition can potentially provide near-term cash flow as production rapidly ramps using their partnership with Petrosaurus which is producing amazing results. By the end of March 2023, all 11 wells should have received the Petrosaurus chemical treatment, potentially boosting oil production even higher. There is the potential for further upside once the well makeovers are also done and again when work begins on the bypass pay zones later in 2023.

Wedgemount Resources currently trades at a market cap of only C$6 million.