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Company is looking to participate with others on acreage located in northern portion of Central Basin

Core Energy LLC closes on acquisition of Michigan assets of Marathon Oil Co., including five producing Collingwood wells and 262,000-acre leasehold

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TRAVERSE CITY, Mich.—Core Energy LLC president and founder Robert G. Mannes this week announced the May 1 closing of a deal in which the company acquired the Michigan assets of Marathon Oil Co., consisting of five producing Collingwood wells in Kalkaska and Crawford counties and a leasehold of approximately 262,000 net acres in the state's Central Basin.

Mannes noted that Core Energy found the overall package that was being offered by Marathon to be appealing—with the approximately 1,500 Mcf per day of production from the five Collingwood wells equivalent to the amount of fuel gas the company has been purchasing on a daily basis to support its CO₂ enhanced oil recovery (EOR) operations, while control of the acreage leasehold provides an opportunity to “stimulate activity” in the state.

“We are eager to do our part to stimulate additional activity in the Michigan Basin with this leasehold,” Mannes said in announcing the acquisition on May 3.

The acreage package consists of a mixture of both state-owned acreage and private acreage, Mannes said, with the bulk

of the acreage having been acquired by Marathon in the period since it bought the same five Collingwood wells from Encana in 2014, along with an undeveloped leasehold of over 400,000 acres.

Marathon tested a play concept in which it drilled Devonian Detroit River Formation horizontal drain holes near the Beaver Creek Field's Richfield oil reservoir in Crawford County and in Clare County's Sheridan Township (T17N-R3W) in late 2015. The company later abandoned the effort when it was not able to establish commercial oil or gas production with the experimental wells.

Mannes said his company's approach to the exploration program the acquisition has made possible is a little different than other programs it has worked. “This time around we have acreage looking for a prospect and we would encourage anyone to give us a call if they have a prospect,” Mannes remarked.

Core has already closed on a transaction with West Bay Exploration Co., Mannes said, and is currently in negotiations with a number of other parties as well.

The acreage leasehold acquired by Core is located in the heart of the northern portion of Michigan's Central Basin, one of the hottest areas for oil and gas activity in the

state recently, due to in part to successful exploration for Dundee oil reserves in Gladwin, Clare and Osceola counties.

The counties in which Core acquired acreage are: Clare, Crawford, Gladwin, Isabella, Kalkaska, Midland, Missaukee and Roscommon counties, Mannes said.

Core Energy was established in 2003, to date focusing primarily on work in the northern Niagaran Reef Trend, with a specific emphasis on CO₂ EOR.

Core currently operates 10 CO₂ EOR projects in varying phases of development. Through the end of 2016 these projects had produced in excess of 2.1 million barrels of oil that would not otherwise have been produced, while sequestering more than 2 million tonnes of CO₂ in the process, according to information on Core's website.

“Right now our main focus will continue to be on the northern reef trend,” Mannes said.

While the company looks to participate with others on its recently acquired leasehold in the Central Basin going forward, Mannes said, it does not rule out the development of its own exploration prospects on the new playing ground.

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