

## Regulatory Story

[Go to market news section](#)



**Company** [ViaLogy PLC](#)  
**TIDM** VIY  
**Headline** Trading Update  
**Released** 07:05 28-Sep-2009  
**Number** 7201Z07

RNS Number : 7201Z  
ViaLogy PLC  
28 September 2009

### **VIALOGY PLC ("VIALOGY" OR "THE COMPANY")**

#### **Update on Buckingham Group contract as ViaLogy Finalizes Three Reservoir Prospects Additional QuantumRD™ Customer Contracts Signed Update on Major US DOD Contract Win with Partner SAIC**

London, September 28, 2009. **ViaLogy (LSE: VIY)** Further to the announcement on 15 July 2009, ViaLogy is pleased to provide additional information that it has finalized Project and Royalty Agreements for three onshore oil prospects under a multi-site services contract with The Buckingham Group of San Angelo, Texas. The contract covers the use of ViaLogy's patented technology, QuantumRD™, the oil reservoir discovery product that interprets seismic data and can more accurately locate and define the capacity of oil and gas deposits to maximise economic extraction.

The three prospect sites could result in 8-10 ViaLogy-positioned development wells. Buckingham's goal is to expand production by accurately locating wells in two working fields in Central Texas, specifically the Rocking Chair Ranch prospect in Schleicher County, and, the Russell Ranch North East prospect in Menard County. Both projects will target fractured Camar sandstone formations in the 3000-5000 feet range, obscured by shallow thrust zones. The third prospect at Toe Nail North Ranch in Tom Green County will be an

exploration well in an undeveloped field. This stratigraphic prospect is targeting compressed Cambrian sandstone and Strawn limestone with depths ranging from 5000-8000 feet. These projects provide ViaLogy with opportunities to demonstrate QuantumRD's value proposition in complex subsurface lithologies.

ViaLogy will be designing and managing high resolution seismic acquisition, performing QuantumRD end-to-end analysis for subsurface characterization, and positioning drill sites on the prospects. ViaLogy will receive a services fee, as well as a percentage working interest upon successful well completions. Buckingham drilled a total of 49 wells in 2008.

Buckingham CEO Darryl Buckingham stated, "We want to extensively leverage the ViaLogy technology for our entire exploration, development and production programs moving forward. We have significant lease positions at these ranches and could see major recovery based on analogs in the area. Our geology and engineering team is looking forward to working closely with ViaLogy to develop these leases."

ViaLogy CEO Robert W. Dean said, "These three prospects, which are in various formations and at differing depths, will test the versatility of QuantumRD. Success will extend our value-proposition for US independents." He added: "Buckingham has been using surface geochemistry for several years in their exploration program. A large percentage of independents exploit geochemistry for early reconnaissance and developmental stages of exploration. This collaboration gives us an excellent opportunity to deploy QuantumRD for fusion of high-resolution seismic with geochemistry data to further improve reservoir characterization and reduce misinterpretation of hydrocarbon microseep anomalies that have led to dry-holes in the past."

#### **Further QuantumRD contract wins**

ViaLogy has also recently signed customer contracts to provide QuantumRD technology for projects with Vecta Oil & Gas based in Houston, TX (<http://www.vectaoilandgas.com/>) and Enrich Oil Corporation of Abilene, TX. In both cases, ViaLogy will be collaborating with seismic expert Prof. Bob Hardage (founder of the [Exploration Geophysics Laboratory \(EGL\)](http://www.beg.utexas.edu/indassoc/egl/)) and his geophysics team from the [Bureau of Economic Geology \(BEG\)](http://www.beg.utexas.edu/indassoc/egl/), at the University of Texas at Austin.

Vecta Oil & Gas is among the leading E&P companies acquiring and exploiting multi-component seismic data to image complex structural and stratigraphic combination traps in the Permian basin with broad geological and geophysical expertise. Vecta has pioneered instrumentation and protocols for acquisition of high quality multi-component seismic. The collaboration and project under discussion will further expand and demonstrate QuantumRD capability to optimize drilling targets in fractured and compressed Wolfberry carbonate reef at the Creedo Prospect. Long-term Vecta is particularly interested in applications of ViaLogy QRI® technology to increase signal-to-noise ratio of seismic traces acquired using multi-component geophones.

The Enrich collaboration that is being discussed as a possible kickoff project exercises QuantumRD to discover stratigraphic traps within the Goen limestone reef formation at the Priddy Prospect in Runnels County, TX using high resolution 3D seismic imaging. Multiple companies have been drilling over this 8 square mile prospect over the last 40 years with mixed results. Under the collaboration, ViaLogy will attempt to demonstrate systematic solution for elucidating channel sands and porosity pockets in a lithology that changes dramatically over small areas. ViaLogy will be responsible for 3D-seismic survey design, processing and analysis to deliver reservoir sizing and drilling locations.

#### **SPM™ (Sensor Policy Manager)**

As outlined in the Company's report and accounts for the year ended 31 March 2009 announced this morning, ViaLogy has announced a major US Department of Defense contract win for its SPM™ technology as a core team mate of leading systems integrator Science Applications International Corporation (SAIC: NYSE). The overall contract, Force Protection System II (FPS II), is from the US Air Force and has a ceiling of \$495 million. Under its terms, SAIC, ViaLogy and other specialized team members place bids over a five year period for multiple tasks as specified by USAF. Revenue value depends on those subsequent bids and ViaLogy work share. The win is a major step forward for ViaLogy's SPM sensor integration technology; the company is teamed with SAIC for two similar contract submissions to the US DoD.

Summing up ViaLogy's business update Mr. Dean says "We have made good progress in recruiting E&P customers and in

identifying a variety of projects where application of our QuantumRD technology can make the difference between a dry hole and a producing well. It's unrealistic to expect success in every case, but we believe that over time the technology can have a significant impact in the hydrocarbon exploration business. Our affiliation with the University of Texas' BEG should enable us to refine and improve our technology. We are also pleased with our revenue projections. The pace of our efforts is dictated in part by our clients' project schedules, but we will soon have a full plate. Finally, our development and marketing work on SPM has paid off with the SAIC contract win; we expect others to follow."

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### **About ViaLogy: Network Centric Signal Processing**

ViaLogy is a leading innovator of network-centric, real-time signal processing platforms for sensor applications. ViaLogy is currently deploying and designing computational systems, powered by its patented technologies, for applications in life sciences, public safety and security, surveillance, defense and geoseismology. ViaLogy focuses on market driven problems where automation, timeliness, quality and reliability of information processing are essential. ViaLogy's core competency incorporates rapidly and accurately detecting weak signals buried in high noise background and clutter. This technology can be employed to solve problems involving sensor integration and information overload challenges

involving video, telephony and control sensors, as well as for enhancement of numerous signal processing applications. For more information, visit our website at [www.ViaLogy.com](http://www.ViaLogy.com).

### About The Buckingham Group

The Buckingham Group represents six affiliates, including a drilling company, O&G operator, land management and Acquisition Company, two investment companies and a well service company. Collectively, the group drills about 50 wells per year throughout Texas.

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