

Regulatory Story

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VIALOGY PLC

INDEPENDENT ANALYSIS VERIFIES VIALOGY PERMIAN WELL PREDICTIONS

London, February 17. ViaLogy (LSE:VIY) announces the start of oil production from a recently completed successful well in the Strawn formation in Texas, and independent confirmation of ViaLogy's reservoir attribute predictions. The client specified that ViaLogy find Strawn with significant thickness to make a commercially successful well; that major zones of porosity over 4% be identified; and that the selected Strawn section exhibit natural fracturing to enable optimal production.

Final well and formation micro-imaging (FMI) logs, done by Halliburton, show that QuantumRD directly detected and predicted a 220 foot continuous Strawn section. Within this section, ViaLogy's pre-drilling analysis located high porosity limestone zones - totaling over 80 feet with more than 4% porosity. Logging showed a continuous zone of 50 feet with greater than 6% porosity, and reaching 10 to 12%. The ability of the technology to find and distinguish between such small variations in limestone porosity demonstrates QuantumRD's sensitivity, and its utility in mapping the Strawn and other formations where porosity is a critical factor in determining a well's economic viability. In addition, the analysis also verified that QuantumRD located natural fractures enhancing the reservoir's permeability and enabling extraction to be optimized.

ViaLogy's contract prohibits identifying the client.

This ViaLogy-positioned well is in the Permian Basin, one of the largest structural basins and most prolific petroleum provinces in North America, extending approximately 86,000 sq miles over Texas and New Mexico. It sits in the naturally fractured Spraberry Trend Area in west Texas covering approximately 2,500 square miles over a six county area. Estimated to hold 6-10 billion bbls of oil, this trend area has huge potential for future recovery as only about 700 million bbls have been produced over the past 50 years. This is due in part to the analytical challenges of finding high porosities and developing economically viable wells in the carbonate, limestone and/or dolomite platform, and to natural fractures in a rock matrix with inherently low permeability. Also, unlike conventional faulted sandstone reservoirs, the Permian platform is a stratigraphic formation with discontinuities over small areas. Current exploration technologies and basin geology models provide limited insight for positioning individual wells and offsets, as the formation properties change unpredictably due to complex cementation and matrix dissolution processes. QuantumRD's more innovative computational approach to characterize the subsurface and locate drilling targets should assist in the Permian Basin's exploitation.

Robert Dean, ViaLogy CEO, said, "Independent confirmation of QuantumRD's Strawn success further validates the technology's power. ViaLogy's work is done on the basis of specific client drilling requirements - they tell us what quantifiable characteristics to find, such as porosity, and this can vary depending upon the location, formation characteristics and land area where a client wants to drill. We offer an 'energy solution' - the ability to identify drilling sites, depths, porosities and trends based on a synergistic integration of rock physics, 3-D and multi-component seismic data, and depositional geology. In this well we used QuantumRD, our proprietary weak signal detection technology, to locate regions of high porosity within a range of carbonate sizes that are key for positioning successful Permian wells."

He added, "Our technology can be applied to virtually any hydrocarbon formation, and we have a growing customer list and backlog that will take us into other areas of the Permian and other completely different areas. We are now finalizing our next drilling recommendation location on this particular Strawn prospect, and we intend to deliver another success to our client. We are also in discussions with several exploration & production firms to deliver QuantumRD analysis on the Permian."

ViaLogy PLC

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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.

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