

## JANUARY BUSINESS UPDATE

- Signs QuantumRD contract with one of US's largest independents
- Multiple wells scheduled for Q1
- Milestone achieved on University of Texas collaboration site

Pasadena, January 5, 2010. **ViaLogy (LSE:VIY)** ViaLogy announces it is under contract to provide its QuantumRD hydrocarbon reservoir discovery and characterization services to one of the largest privately held Independent Exploration & Production companies in America. Headquartered in Oklahoma, the firm operates internationally and across the United States both onshore and offshore. It currently controls over 4,000 wells. The contract represents an important opportunity for ViaLogy to expand the scope of its QuantumRD technology into new formations. The initial collaboration is focused on discovery and characterization of Pennsylvanian Morrow Sandstone at the Mescalero Springs prospect in Chaves County, New Mexico. ViaLogy will analyze 3-D seismic data to discover oil and gas stratigraphic targets with porosity to position wells between 11,000 ft and 12,000 ft depths, and deliver its recommendations in four weeks. The project will further validate QuantumRD's ability to resolve stratigraphic prospects below seismic resolution presently achievable by conventional processing. At the client's request, neither the firm's name nor details of the signed contract will be made public.

ViaLogy also announces the signing of a contract for QuantumRD with Nordan Oil & Gas Corporation of Abilene, Texas, that foresees multiple QuantumRD analysis projects.

These and other new contracts bring ViaLogy's current client base to eight, and its contingent order book of wells to more than 50 (based on the approximate number of drill locations the company expects to provide to clients under signed contracts to date). The company also reports a strong sales pipeline of prospective clients which should extend the use of QuantumRD to an increasing variety of geographical locations and geophysical formations.

The first quarter of 2010 is scheduled to see multiple wells drilled at locations already determined by ViaLogy's QuantumRD analysis. Once the company's recommendations are made, the dates and pace of drilling are decided solely by ViaLogy's clients and depend upon the clients' operational priorities, and such matters as permits, equipment availability, and even weather. In this connection, Atascosa Exploration's planned Escondido well, initially expected at the end of last year, has been delayed until this month due to unexpected lease issues. During the first quarter of this year the two successful wells already identified for Atascosa by ViaLogy will undergo rework to accelerate their production. Their estimates of recoverable barrels of oil remain unchanged.

ViaLogy's collaboration with another large Texas independent oil and gas exploration company in conjunction with the University of Texas' Bureau of Economic Geology, announced in a July 2009 press release, has concluded an important milestone. Despite previous expert analysis, the chosen site had produced a number of 'dry holes'. ViaLogy's application of QuantumRD to existing data sets has

determined new drill location recommendations, and drilling on this challenging 11,000 ft well is slated for the coming weeks.

ViaLogy's work for Vecta Oil & Gas, announced in September, 2009 and also with the involvement of the Bureau of Economic Geology, has concluded its first phase with the delivery of ViaLogy's QuantumRD analysis and recommended multiple drilling locations. A number of these wells are scheduled for drilling in 2010.

Commenting on the latest New Mexico contract, ViaLogy CEO Robert W. Dean, said, "We are pleased and proud to be working for a company of this firm's stature and experience. They are at the forefront of the industry in applying the most advanced analytical tools, and our hope is to become a mainstay of support in their drilling efforts." On the larger picture regarding QuantumRD, Dean goes on to say "ViaLogy now has a full workload and looks forward to significant business breakthroughs in the coming months, always bearing in mind that we cannot be successful 100 percent of the time."

## **ViaLogy**

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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).

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