

VIALOGY PERMIAN BASIN WELL SUCCESS IS TECHNOLOGY MILESTONE

- “A-Level” stress test for QuantumRD
- Broad oil patch application seen for technology

London, January 21, 2010, ViaLogy PLC (LSE: VIY). ViaLogy announces that, under contract to its client, a large independent based in Midland, Texas, the first successful well has been drilled and is in the process of being completed on their Andrews County prospect. The leading privately-held Exploration and Production company agreed to collaborate with ViaLogy to use its proprietary technology, QuantumRD[®], to analyze 3-D and multi-component seismic data, well logs and geological records to locate well sites in a 10 square mile Permian Basin acreage block.

Drilling at the ViaLogy-designated location took three weeks and reached a prescribed total depth of 11,241 feet. Initial well log analysis shows potential for multiple zones that could be high-graded, highlighted by a net interval of over 50' feet of significant porosity in the Strawn formation alone. Strawn limestone porosities are typically very low. For this formation to be economically viable porosity must reach at least 4%. One of ViaLogy's key challenges was to locate this porosity and to quantify its areal extent. Strawn targets are typically found at depths greater than 9000 feet and with 3% porosities or less are deemed non-productive. The QuantumRD technology succeeded in locating large continuous zones of 6% plus porosity, a major achievement. Detailed volumetrics will be computed in the near-term.

All the more significant is the fact that over the last 50 years only three of 18 attempted Strawn wells in the prospect area showed production. Of the 15 remaining, seven were completed to produce oil from shallower zones in the Wolfcamp formations, no porosity having been found in the Strawn. Eight were declared as dry holes. Additionally, preliminary work shows that the ViaLogy technology can increase the ability to detect hydrocarbon presence directly using seismic data to accurately characterize Wolfcamp carbonates.

Participating in this prospect analysis as an advisor is Dr. Bob Hardage of the University of Texas' Bureau of Economic Geology (UT BEG), widely acknowledged as one of America's leading technology centers for hydrocarbon exploration.

Reviewing the drilling results, Dr. Hardage commented, “The prediction of a higher porosity zone within the Strawn is impressive and appears to validate the advantages of the weak signal processing capability underlying QuantumRD to see subtle changes in the data. Porosity variations in Strawn stratigraphy are difficult to amplify using conventional geophysical processing.” Despite advances in 3D seismic acquisition and processing, the exploration industry has faced a major challenge in characterizing porosity in complex stratigraphic formations known to exhibit fracture and structural changes below acquisition resolution.

According to the client firm's Chief Geophysicist, “We are impressed by the accuracy of ViaLogy's predictions, and especially pleased with QuantumRD's capability to use seismic data to accurately detect porosity zones within the Strawn formation. This was a very difficult problem. Significant undeveloped acreage still exists in the Midland Basin. The introduction of a technology that can characterize porosity in deeper carbonate intervals could make a substantial difference.”

He added, “This well demonstrated to us QuantumRD's potential to determine drilling locations based on our exploration criteria. We look forward to working closely with ViaLogy to discover and develop deeper formations on our acreage including the Strawn, Devonian, and Ellenburger”

ViaLogy CEO Robert Dean said, “We couldn't be more pleased with our performance. The only real test for an oil-finding technology is: Can it find oil in the field – not in the laboratory? This is what we are focused on and we're looking forward to proving our technology in the field. Our core patented technology, a technique for the injection of noise to enhance the signal to noise ratios seen in seismic data, allows us to extract more information from the data – and to identify sub-surface characteristics more effectively than other techniques. This challenge was to locate oil and gas in formations that had often eluded other efforts and available techniques. This has been a great partnership that will allow us to enhance and improve the ability of E&P companies to produce from Wolfberry, Strawn and deeper formations.”

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.

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