



## UK Oil & Gas PLC

# Amended - Formal Government Consent - Resan

RNS Number : 8408L  
UK Oil & Gas PLC  
15 January 2021

**The following amendment has been made to the "Formal government consent granted for Turkish Resan Licence acquisition" announcement released on 15/01/2021 at 07:00am under RNS No 8331L:**

**An updated Resan presentation is available on the Company's website:**

<https://www.ukogplc.com/ul/UKOGTurkey140121.pdf>

**All other details remain unchanged.**

**The full amended text is shown below.**

### **UK Oil & Gas PLC ("UKOG" or the "Company")**

#### **Formal government consent granted for Turkish Resan Licence acquisition**

UK Oil & Gas PLC (London AIM: UKOG) is delighted to announce that the Company's wholly owned subsidiary, UKOG Turkey Ltd, has received notice that formal government consent for the Company's acquisition of a 50% interest in the 305 km<sup>2</sup> Basur-Resan oil appraisal and exploration licence, ("Licence"), has now been granted via official decree. Forthwith, together with the operator, Aladdin Middle East Ltd ("AME"), the Company is a named party to the Licence, officially designated as AR/AME/K/M47-b1, b2.

As per the Company's 14 October 2020 announcement, the board views the Licence's forthcoming 2021 appraisal drilling programme, aimed initially at proving the commerciality of the Basur-Resan oil discovery, to present a compelling and potentially transformational growth opportunity for the Company.

#### **Highlights:**

- Basur-Resan oil discovery ("Discovery") contains an estimated mean case discovered recoverable oil volume of 37 million barrels ("mmbbl") gross and 18.5 mmbbl UKOG net 50% interest (i.e., the average case estimated volume that could be produced to surface).
- Rapid monetisation of the Discovery's success case is possible within a year in Turkey, plus drilling and operating costs are significantly lower than the UK.

An updated Resan presentation is available on the Company's website:

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**Stephen Sanderson UKOG's Chief Executive commented:**

*"It is now evident that, in the success case, the Basur-Resan appraisal project has the potential to surpass the recoverable oil and gas volumes currently assigned by Xodus to our material UK Arreton and Loxley appraisal projects. It also has the advantage of lower drilling and operating costs and, facilitated by Turkish petroleum law, the possibility to rapidly monetise the success case within a year. For these reasons success could be transformational for the Company.*

*Along with further optimising Horse Hill and pursuing a Loxley planning appeal, the Company will now focus its efforts in the first half of 2021 towards the design and delivery of the Basur-3 appraisal well. We also look forward to hearing the outcome of our December Turkish new licence application, which could add further similar sized potential into our growing portfolio."*

**Basur-Resan: a potentially material discovered and undeveloped oil resource**

As previously reported on 23 July and 14 October 2020, the Licence contains the aerially extensive and as yet undeveloped Discovery, along with two other undrilled exploration prospects.

As at UKOG's material Loxley discovery, the Discovery was successfully tested at its north western end via the 1964 Basur-1 discovery well, which flowed 500 bbl of oil to surface over a 6-hour period from naturally fractured and dolomitised Mardin limestones, an extrapolated rate equivalent to 2,000 bbl of oil per day.

As per the Company's 14 October RNS, Xodus' June 2020 report estimates the Discovery to contain material aggregate gross mean and high case discovered recoverable volumes (i.e., the estimated volumes that could be produced to surface) of 37.2 mmbbl and 67 mmbbl respectively, with UKOG's corresponding 50% net share being 18.6 mmbbl and 33.5 mmbbl.

The table below illustrates that the Discovery's estimated mean recoverable volumes are also significantly larger than those estimated for UKOG's other UK appraisal assets (see UKOG 2018 CPR and Loxley RNS 01 October 2020):

<b>UKOG Appraisal Projects: Xodus mean case discovered recoverable oil volumes</b>			
	<b>Basur-Resan mmbbl (50% WI)</b>	<b>Arreton Portland mmbbl (95% WI)</b>	<b>Loxley Portland mmboe* (100% WI)</b>
Gross discovery	37	2.7	7.1†
UKOG Net	18.5	2.6	5.5†

Notes: \* 6.1 billion ft<sup>3</sup> = 1 mmbbl oil equivalent or mmboe † Net = PEDL234 only, †Gross = PEDL 234 + PEDL235

**Rapid success case monetisation possible - months versus years in UK**

As previously stated on 14 October, AME's nearby East Sadak field was discovered and put into production in the same year, 2014, and has seen a total of 10 wells drilled to date. Unlike the UK, which requires numerous planning and regulatory steps before

production can commence, Turkish petroleum law Article 6 (10) states that licensees are obliged to develop the field and commence production following a discovery. E. Sadak thus demonstrates that licensees are able to transition a successful well test directly into long-term production with minimal delay.

### Significantly lower cost operations than UK

Based upon AME's actual costs at nearby E. Sadak, gross Basur-3 well and flow test costs are estimated by AME at \$3 million (c. £2.4 million), lower than the c. \$7.5 million (c. £6 million) drilling and testing costs of UKOG's similar depth HH-2 well. General manpower, service and administration costs are also below those in the UK.

### Qualified Person's Statement

Matt Cartwright, UKOG's Commercial Director, who has 37 years of relevant experience in the global oil industry, has approved the information contained in this announcement. Mr Cartwright is a Chartered Engineer and member of the Society of Petroleum Engineers.

### For further information, please contact:

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### Glossary

discovery	petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
dolomite/dolomite	a crystalline form of calcium carbonate or lime. The geological process of turning the more common calcite crystalline form of calcium carbonate into dolomite increases the pore space in the rock by approximately 13% thus improving the rocks ability to store oil and improve potential oil flow
gross	100% share
high case	or P10, a 10% probability respectively, that a stated volume will be equalled or exceeded
limestone	sedimentary rock predominantly composed of calcite (a crystalline mineral form of calcium carbonate) of organic, chemical or detrital origin. Minor amounts of dolomite, chert and clay are common in limestones
mean	the expected or average outcome of a defined probability distribution, in this case the calculated distribution of recoverable volumes
naturally fractured reservoirs	fractured reservoirs contain naturally occurring cracks or fissures within the rock; fractures can significantly enhance the permeability of rocks by connecting pores together and enabling more storage of oil or gas and permitting greater flow capability; naturally fractured reservoirs have been created over geological time by nature, not man-made via hydraulic fracturing
net	UKOG's 50% Resan licence interest share
reserves	those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must further satisfy four criteria: they must be discovered, recoverable, commercial, and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are

	further categorised in accordance with the level of certainty associated with the estimates (i.e. Proven, Probable and Possible) and may be sub-classified based on project maturity and/or characterised by development and production status
recoverable volumes or resources	those quantities of petroleum estimated, as of a given date, to be potentially recoverable from known accumulations, but the applied project(s) are not yet considered mature enough for commercial development due to one or more contingencies. Resources are further categorised in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterised by their economic status.

### UKOG Licence Interests

The Company has interests in the following UK and international licences:

Asset	Licence	UKOG Interest	Licence Holder	Operator	Area (km <sup>2</sup> )	Status
<b>Avington</b> <sup>1</sup>	PEDL070	5%	UKOG (GB) Limited	IGas Energy Plc	18.3	Field temporarily shut in
<b>Loxley &amp; Broadford Bridge</b> <sup>2, 3, 7</sup>	PEDL234	100%	UKOG (234) Ltd <sup>4</sup>	UKOG (234) Ltd <sup>4</sup>	300	Loxley/Godley Bridge gas discovery, BB-1/1z oil discovery
<b>Horndean</b> <sup>1</sup>	PL211	10%	UKOG (GB) Limited	IGas Energy Plc	27.3	Field in stable production
<b>Horse Hill</b> <sup>1, 5</sup>	PEDL137	85.635%	Horse Hill Developments Ltd <sup>6</sup>	Horse Hill Developments Ltd <sup>6</sup>	99.3	Field in stable production
<b>Horse Hill</b> <sup>1, 5</sup>	PEDL246	85.635%	Horse Hill Developments Ltd <sup>6</sup>	Horse Hill Developments Ltd <sup>6</sup>	43.6	Field in stable production
<b>Isle of Wight</b> <sup>2, 3</sup>	PEDL331	95%	UKOG	UKOG	200	Planning application submitted for Arreton oil appraisal well
<b>Resan Turkey</b> <sup>2, 3, 8</sup>	M-47-b1, b2	50%	UKOG Turkey Ltd	Aladdin Middle East	305	Appraisal of Basur-Resan oil discovery plus further expl. prospects. Drilling planned in 2021

Notes:

1. Oil field currently in stable production.
2. Oil discovery pending development and/or appraisal drilling.
3. Exploration asset with drillable prospects and leads.
4. Contains the Loxley Portland gas accumulation, the Broadford Bridge-1/1z Kimmeridge oil discovery, plus further undrilled Kimmeridge exploration prospects.
5. Portland and Kimmeridge oil field with productive and commercially viable zones, HH-1 in stable oil production, production planning consent granted in September 2019, long-term production consent granted in March 2020.

6. UKOG has a direct 77.9% interest in HHDL, which has a 65% interest in PEDL137 and PEDL246.
7. Gas discovery pending appraisal drilling and development with underlying Kimmeridge potential
8. High-impact oil appraisal project with an upside OIP range of 150-500 mmbbl gross with expected recovery factors of 10-20% of OIP

**The information contained within this announcement is deemed by the Company to constitute inside information under the Market Abuse Regulation (EU) No. 596/2014**

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