The “A” Prospect
Southern North Sea Gas Basin

160bcf Onshore to Offshore Appraisal Well Opportunity
“A” Prospect Highlights

• Opportunity to participate in the appraisal and subsequent development of one of the earliest North Sea gas discoveries originally drilled by Total in 1966

• Well A339 1-2 (41/18-1, vertical) tested gas from Zechstein Z2 “Hauptdolomit” at up to 2.5 mmcf/d following acidisation

• Mean Prospective Resources estimated at c. 160 bcf (P10 290 bcf)

• COS >50%; main risk is productivity from relatively tight fractured carbonate reservoir

• Drilling and development to be undertaken from an onshore location, transforming the costs and economics

• Appraisal well planned 2017/18 to penetrate reservoir at near horizontal close to discovery well (well cost estimated at c. £8mm - £10mm)

• Material equity available for a suitable farminee
• Licence: P.1929, UKCS Blocks 41/18 + 41/19

• Effective date: 20 April 2013

  ➢ Initial Term: 4 Years (19 April 2017) *
  ➢ Second Term: 4 Years (19 April 2021, 50% relinquishment)
  ➢ Third Term: 18 Years (19 April 2039, production)

• Licencess: Egdon Resources U.K. Ltd - 100%

• Area: 363 km²

• Work Programme:
  ➢ Obtain 700km existing 2D seismic data (completed)
  ➢ Reprocess 450km existing 2D seismic data (mainly completed)
  ➢ Contingent well to test Zechstein Z2 Hauptdolomit

* Request to extend Initial Term has been submitted
1965  First UK Offshore Round - 41/18 & 19 licensed to Total as ML13

1966  Two wells drilled by Total – A339 1-2 (41/18-1) on ‘A’ Prospect, gas discovery (Zechstein, Z2)

2003  Deltaic awarded UKCS Blocks 41/18, 19 & 20 in 21st UK Offshore Round as Promote Licence, Valhalla farmed-in 2006

2007  Deltaic/Valhalla relinquished Blocks 41/18, 19 &20 in October 2007 citing:
- Poor project economics (for offshore development)
- Severe environmental restrictions and considerations (offshore)
- Perceived risk on recoverable volumes of gas in ‘A’ Prospect

2013  Egdon awarded licence P.1929
Egdon Resources U.K. Limited

Petroleum Geology & Play Summary

- Zechstein carbonate shelf edge, laterally variable sequence
- Licence area lies to east of Z2 shelf edge = poor primary porosity development
Zechstein Hauptdolomit

- Tested at 0.6 mmscfg/d without stimulation
- Post-acid rate of 2.5 mmscfg/d
- Poor pressure data makes test analysis problematic
- **No water** observed through testing
- Poor primary reservoir quality – requires natural fractures and acid stimulation to produce commercial flow rates
- Horizontal drilling and modern stimulation/completion to improve productivity

Upper Carboniferous

- Tight gas sands
- Maximum flow rates of 30 scf/d
- No stimulation undertaken
- Additional resource potential identified
Reservoir - Well A339 1-2 Petrophysics

Net Reservoir: 102’
Net Pay: 62’
Av Porosity: 4.9%
Average Sw: 23.2%
Av Core Ø in net pay: 5.1%

“A” Prospect is a N-S trending faulted anticline dip closed to the North, South and East, closed to the West by the N-S trending Peak Fault system

Structural crest at ca. 1470m (4750’) below MSL

Peak Fault interpreted to be a wrench system, at times transpressional & at times transtensional

Hauptdolomit seismic imaging improved through reprocessing
The 'A' Prospect – Southern North Sea Gas Basin - 160bcf Appraisal Well Opportunity
Critical risk is **reservoir effectiveness** (low primary porosity)

**Proven hydrocarbons** present (gas to surface), no risk on source presence/effectiveness

Risk on trap presence/effectiveness reflects uncertainty associated with cross-fault seal and 2D coverage
\\‘A’ Prospect Conceptual Appraisal Well\\

- Well-site location onshore, site identified and negotiations for lease nearing finalisation
- Onshore licence required from which to drill - UK 14\textsuperscript{th} Onshore Round licence expected Q2 2016
- Offset from well-site to target c. 3950m, target depth c. 1475m subsea, maximum well deviation c. 76°
- Estimated well-cost c. £8.0mm - £10mm, timing ~ 2017 – 2018 (subject to planning)
✓ Site identified and lease being finalised – on site quarry = local source of stone
✓ NYMNPA view as “non-EIA development” so simpler planning process
✓ Initial environmental and other studies underway
✓ Planning Application to be submitted Q4 2016
• Options dependent upon gas quality and total flow rates
• Gas to electricity generation if H₂S at significant levels and lower flow rates
• Process gas if volumes sufficient or low H₂S and export direct to NTS pipeline (c. 30km)
• Possibility of gas export to Third Energy facility at Ebberston Moor (c. 20km)
• Ongoing developments (e.g. shale-gas) may present other export opportunities in due course
• **Proven gas discovery**, located in Southern Gas Basin, 3.5km offshore North Yorkshire

• 1966 vertical well tested gas at rates up to 2.5mmcf/d from Zechstein “Hauptdolomit” carbonates – horizontal drilling and modern stimulation techniques expected to result in commercial flow rates

• Robust 4-way dip/fault closure mapped from reprocessed 2D seismic data, ultimate closure to west provided by major Peak Fault wrench system

• **Mean Prospective Resources estimated at c. 160 bcf** (P90 to P10 range 68 bcf to 290 bcf)

• COS >50%, primary outstanding risk is productivity of gas from relatively tight carbonate section

• Appraisal well and subsequent development from onshore location, well-site identified with willing landowner, negotiations for lease nearing completion

• Planning Application submission expected Q4 2016, appraisal well expected to be drilled 2017 - 2018

• Export options identified, selection dependent on gas quality and flow rates

• **Egdon now seeks partner(s) to participate in the appraisal well and subsequent development, significant equity available in return for negotiated promote on costs**
For further information please contact:

Martin Durham – Exploration & Geoscience Manager
martin.durham@egdon-resources.com

Mark Abbott – Managing Director
mark.abbott@egdon-resources.com

Jerry Field – Exploration Director
jerry.field@egdon-resources.com

Tel: 01256 702292
www.egdon-resources.com