

RNS Number : 6747Q  
UK Oil & Gas Investments PLC  
03 September 2014

**For Immediate Release**

**3 September 2014**

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

**Drilling commences at Horse Hill**

UKOG (AIM: UKOG) is pleased to announce that drilling operations on the Horse Hill-1 well have now commenced.

The Horse Hill-1 well is planned to be drilled to a Total Depth ("TD") of 2,646 metres (8,680 feet) and is designed to test for a number of conventional stacked oil targets in the Jurassic, as well as a deeper conventional gas target in the Triassic.

The operator, Horse Hill Developments Ltd ("HHDL"), is a special purpose company with a 65% operating interest in the PEDL 137 license in the Weald Basin to the north of Gatwick Airport in Surrey. UKOG has binding agreements in place to own a direct 20% interest in HHDL and an additional 2.4% interest by virtue of its 6% ownership in Angus Energy Limited ("Angus Energy"). Angus Energy owns 40% of HHDL.

The participants in the Horse Hill Prospect are HHDL (65%) and Magellan Petroleum Corporation (35%).

**David Lenigas, the Company's Chairman, commented:**

"This is an exciting time for UKOG as we embark on this well that will not only test a number of conventional oil formations, but will be one of the first wells drilled in this part of the Weald Basin to test for the potential for conventional gas in the deeper Triassic

formations."

### **About Horse Hill:**

The 99.29 km<sup>2</sup> (24,525 acre) Horse Hill Petroleum Exploration and Development Licence No. 137 (PEDL 137) ("Horse Hill") is located in Surrey, a few miles from Gatwick Airport.

The Horse Hill Prospect OOIP and OGIP and prospective resources, as announced by UKOG on 20 December 2013, are summarised in Table 1.

**Table 1: Horse Hill Prospect estimated OOIP, OGIP and Prospective Resources.**

| <b>Target Reservoir Oil</b> | <b>OOIP<br/>Upside Potential<br/>(MMSTB)</b> | <b>OOIP<br/>Mean<br/>(MMSTB)</b> | <b>Prospective<br/>Resources<br/>Mean (MMSTB )</b> |
|-----------------------------|----------------------------------------------|----------------------------------|----------------------------------------------------|
| Upper Portland Sandstone    | 116                                          | 57                               | 17                                                 |
| Lower Portland Sandstone    | 284                                          | 147                              | 44                                                 |
| Corallian Sandstone         | 67                                           | 33                               | 10                                                 |
| Greater Oolite Limestone    | 204                                          | 104                              | 16                                                 |
| <b>Total Oil</b>            | <b>671</b>                                   | <b>341</b>                       | <b>87</b>                                          |
|                             |                                              |                                  |                                                    |
| <b>Target Reservoir Gas</b> | <b>OGIP<br/>Upside Potential<br/>(Bcf)</b>   | <b>OGIP<br/>Mean<br/>(Bcf)</b>   | <b>Prospective<br/>Resources<br/>Mean (Bcf)</b>    |
| Triassic Sandstone          | 456                                          | 234                              | 164                                                |

**For further information, please contact:**

**UK Oil & Gas Investments PLC**  
David Lenigas / Donald Strang  
**Beaumont Cornish (Nominated Adviser)**

Tel: 020 7440 0640  
Tel: 020 7628 3396

Roland Cornish / Michael Cornish

**Hume Capital Securities PLC (Corporate  
Broker)**

Tel: 020 7101 7070

David Lawman

**Square 1 Consulting (Public Relations)**

David Bick/Mark Longson

Tel: 020 7929 5599

## **Glossary:**

MMSTB                      million stock barrels

Bcf                         billion cubic feet

OOIP                      Original Oil in Place

OGIP                      Original Gas in Place

Prospective Resource      Prospective resources are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled. This class represents a higher risk than contingent resources since the risk of discovery is also added. For prospective resources to become classified as contingent resources, hydrocarbons must be discovered, the accumulations must be further evaluated and an estimate of quantities that would be recoverable under appropriate development projects prepared.

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