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UK Oil & Gas Investments PLC
20 December 2013

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

Farm in to UK onshore oil Investment - Horse Hill in the Weald Basin.

UK Oil & Gas Investments Plc (AIM: UKOG) is pleased to announce that it has signed a Binding Term Sheet ("BTS") to buy a 7.5% interest in Horse Hill Development Ltd ("HHDL"), a special purpose company, that has the rights to a 65% participating interest and operatorship, in the high prospective UK onshore Horse Hill Oil Field in the Weald Basin. Details of the transaction are given below.

HHDL plans to drill in, the New Year, a well to test a number of conventional stacked oil and gas targets which the board believes could contain up to an estimated 671 million stock barrels ("MMSTB") oil in place with an estimated total mean recoverable prospective resources of 87 MMSTB and additional prospectivity of 456 Bcf gas in place (Mean 164+ Bcf recoverable prospective resource) in the proposed Triassic gas play.

David Lenigas, the Company's Chairman, commented:

"This Horse Hill investment is the first UK onshore oil investment under the Company's new stated investment strategy. It represents an exciting opportunity for the Company to participate as part of the consortium in this new significant UK conventional onshore oil and gas play."

"UKOG is optimistic about finding oil on Horse Hill as the two previous wells drilled by ESSO in the 1960's both encountered good oil shows. Both wells were relatively shallow and neither were drilled deep enough to test the significant Triassic gas play."

About Horse Hill Prospect:

The Horse Hill Petroleum Exploration and Development Licence No. 137 (PEDL 137) is located in Surrey.

Magellan Petroleum (UK) Limited, a subsidiary of NASDAQ-listed Magellan Petroleum Corporation ("Magellan"), currently owns 100% of the 99.29 km² (24,525 acre) PEDL 137 ("Horse Hill") and has agreements with HHDL to earn a direct 65% participating interest and operatorship in the licence, under certain contractual conditions, by the drilling of the proposed 2,646 m (8,680 ft) Horse Hill-1 well by the end of August 2014.

The newly defined Horse Hill prospect covers an area of up to 16 km² in the south-west quadrant of PEDL 137. It is a tilted horst structure, similar to the Palmers Wood oil field structure which lies only about 20 km to the north-east. The Collendean Farm-1 well was drilled by ESSO in 1964 on the north-eastern edge of the Horse Hill structure and found good oil shows. Recent seismic re-interpretation shows the Collendean Farm-1 well was drilled on the wrong side of a significant fault.

The Horse Hill Prospect could contain up to an estimated 671 MMSTB oil in place, the majority in the Lower Portland sandstone which alone has an estimated upside oil in place potential of 284 MMSTB. The Collendean Farm-1 well does confirm reservoir presence with porosity of 27% and a net: gross of 0.95, with an expected oil recovery rate in the region of 30%. The reservoirs are sealed by the Purbeck anhydrite and calcareous mudstones. Potential probably also exists in the Corallian sands sealed by the overlying Kimmeridge Clay. Estimated total mean recoverable prospective resources of oil for the Portland sandstone, Corallian sandstone and Great Oolite limestone are 87 MMSTB.

Importantly, the Horse Hill Prospect is considered to have additional prospectivity of 456 Bcf gas in place (Mean 164+ Bcf recoverable prospective resource) in the proposed Triassic gas play. The Triassic sandstone is the expected reservoir with an anticipated porosity of in the order of 18%, net: gross of 0.58 and recovery factor of up to 70%. The stacked play potential of this prospect is, therefore, substantial.

The Horse Hill Prospect OOIP and OGIP and prospective resources are summarised in Table 1.

Target Reservoir Oil	OOIP Upside Potential (MMSTB)	OOIP Mean (MMSTB)	Prospective Resources Mean (MMSTB)
Upper Portland Sandstone	116	57	17
Lower Portland Sandstone	284	147	44
Corallian Sandstone	67	33	10

Greater Oolite Limestone	204	104	16
Total Oil	671	341	87
Target Reservoir Gas	OGIP Upside Potential (Bcf)	OGIP Mean (Bcf)	Prospective Resources Mean (Bcf)
Triassic Sandstone	456	234	164

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

Competent Person's Statement:

The information contained in this report has been prepared by Magellan Petroleum (UK) Limited, and has been reviewed and signed off by Mr Mervyn Cowie BSc (Geology & Mineralogy), who has over 35 years' experience as a geologist. Mr Cowie is a Fellow of the Australian Institute of Mining and Metallurgy and is a competent person under Australian Stock Exchange Rules. The technical disclosure in this report complies with the SPE-PRMS standard.

Transaction details:

The consideration for the 7.5% interest in HHDL shall be paid as follows:

1. UKOG will immediately pay HHDL £10,000 towards the cost of the Horse Hill-1 Well.
2. On completion of all necessary legal documentation within 30 days, UKOG will make a further payment of £50,000 to HHDL towards the cost of the Well.
3. UKOG shall bear a further total sum of £390,000 of cash calls for the drilling of the Well to be drilled on the Horse Hill Licence to own a 7.5% interest in HHDL.

Glossary:

MMSTB - million stock barrels

Bcf - billion cubic feet

OOIP - Original Oil in Place

OGIP - Original Gas in Place

Prospective Resources - 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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