

## **UK Oil & Gas Investments PLC**

**(“UKOG” or the “Company”)**

### **Further Update on Horse Hill-1 Flow Test**

#### **Horse Hill-1 Oil Discovery Flows at a Rate of 900 Barrels Per Day from Second Zone**

UK Oil & Gas Investments PLC (London AIM and ISDX: UKOG) announces that Horse Hill Developments Limited (“HHDL”) has informed the Company that 100% dry, 40-degree API, light, sweet oil has flowed freely to surface, without pumping, at an average stabilised rate in excess of 900 barrels per day from an 88-foot aggregate perforated zone within the Upper Kimmeridge limestone interval at a depth of approximately 840 metres below ground level.

Restricted flow of 100% dry oil, through a 1-inch choke, using a rod pump, commenced at around 1350 hrs GMT yesterday at an initial instantaneous rate in excess of 700 barrels per day (“bopd”). At circa 1430 hrs the well started flowing freely to surface, without pumping. The free flow rate increased to over 900 bopd at 1500 hrs. The flow of dry oil then stabilised from 1500 hrs to approximately 1800 hrs, at rates averaging in excess of 900 bopd.

Note that as a consequence of flow initialisation via rod pump, the initial natural flow rates stated above were further restricted by the rods within the 2 and 7/8-inch production tubing.

The well was shut in at approximately 1830 hrs yesterday. The well was opened and free ‘natural’ oil flow recommenced at 2234 hrs yesterday. The well was flowed to obtain a further stabilised flow period and reservoir engineering data. A further update will be provided once this new data is available.

With this stable Upper Kimmeridge limestone flow, the two Upper Kimmeridge and Lower Kimmeridge limestone intervals have now produced a combined average stable rate of over 1,360 bopd.

As previously announced, on completion of this Upper Kimmeridge test, operations will move to the shallower Portland sandstone zone at approximately 615 metres below ground level.

#### **Further Reservoir Engineering Studies**

The Company has commissioned Xodus Group Ltd. to evaluate and interpret the reservoir engineering data collected in the Lower Kimmeridge limestone flow test as reported on February 16 and 17. The results will be reported once available.

#### **Horse Hill-1 Discovery Well and Licence**

The exploration drilling phase of the HH-1 discovery well was originally completed at the end of 2014. The well is located within onshore exploration Licence PEDL137, on the northern side of the Weald Basin near Gatwick Airport. UKOG owns a 19.968% interest in PEDL137.

#### **Stephen Sanderson, UKOG’s Executive Chairman commented:**

“This test provides unequivocal proof of concept for the Company’s new Kimmeridge limestone oil play. The two Kimmeridge flow tests have not only shown that moveable oil exists within the

Kimmeridge, but more importantly, that it can be extracted at commercial rates even from vertical wells without significant stimulation.

This result is therefore very significant for the company and the Weald Basin of the UK. The Kimmeridge play has moved from science project into the zone of commercial reality.

The well's natural aggregate flow rate from the Kimmeridge limestones of 1360 bopd looks to be one of the highest natural flow rates recorded in a UK onshore wildcat well since the Wytch Farm discovery in the 1970s. It should be noted that the planned use of horizontal appraisal and development wells may further significantly enhance production flow rates seen to date.

Following the final flow test in the overlying Portland, HHDL now plan to move full speed ahead to obtain the necessary permissions to return to the well, drill a horizontal sidetrack and conduct long term production tests.”

### **UKOG's Interest in Horse Hill**

The HH-1 well is located within onshore exploration Licence PEDL137, on the northern side of the Weald Basin near Gatwick Airport. UKOG owns a 30% direct interest in HHDL and a 0.72% interest in HHDL via its 6% interest in Angus Energy Limited. HHDL is a special purpose company that owns a 65% participating interest and operatorship of Licence PEDL137 and the adjacent Licence PEDL246 in the UK Weald Basin.

### **Qualified Person's Statement:**

Stephen Sanderson, UKOG's Executive Chairman, who has over 35 years of relevant experience in the oil industry, has approved the information contained in this announcement. Mr Sanderson is a Fellow of the Geological Society of London and is an active member of the American Association of Petroleum Geologists.

### **For further information, please contact:**

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### **Glossary**

choke	a device incorporating a fixed or variable orifice that is used to control fluid flow rate during testing of an exploratory discovery
degree API	a measure of the density of crude oil as defined by the American Petroleum Institute

discovery	a discovery is a 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
extended flow test	a flow test, as per the permission granted by the Oil and Gas Authority, with an aggregate flow period duration over all zones of greater than 96 hours and up to 90 days maximum.
flow test	a flow test or well test involves testing a well by flowing hydrocarbons to surface, typically through a test separator. Key measured parameters are oil and gas flow rates, downhole pressure and surface pressure. The overall objective is to identify the well's capacity to produce hydrocarbons at a commercial flow rate
limestone	a 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. Chalk is a form of fine-grained limestone
sandstone	a clastic sedimentary rock whose grains are predominantly sand-sized. The term is commonly used to imply consolidated sand or a rock made of predominantly quartz sand.
sweet oil or crude	a type of oil that contains less than 0.42% Sulphur

#### Notes to Editors:

The Company has interests in the following UK licences:

Asset	Licence	UKOG's Interest	Licence Holder	Operator	Area (km <sup>2</sup> )	Status
Avington <sup>1</sup>	PEDL070	5%	UKOG (GB) Limited	IGas Energy Plc	18.3	Field in stable production.
Baxters Copse <sup>2</sup>	PEDL233	50%	UKOG Weald Limited	IGas Energy Plc	89.6	Reviewing economics of appraisal/development well.
Brockham <sup>1</sup>	PL234	3.6%	Angus Energy <sup>5</sup>	Angus Energy <sup>5</sup>	8.9	Drilling of sidetrack well being considered.
Holmwood <sup>3</sup>	PEDL143	30%	UKOG	Europa Oil & Gas (Holdings) plc	91.8	H-1 exploration commitment well planned.
Horndean <sup>1</sup>	PL211	10%	UKOG (GB) Limited	IGas Energy Plc	27.3	Field in stable production.
Horse Hill <sup>4</sup>	PEDL137	19.968%	Horse Hill Developments Ltd <sup>6</sup>	Horse Hill Developments Ltd <sup>6</sup>	99.3	Extended flow testing of HH-1
Horse Hill <sup>4</sup>	PEDL246	19.968%	Horse Hill Developments Ltd <sup>6</sup>	Horse Hill Developments Ltd <sup>6</sup>	43.6	Extended flow testing of HH-1
Isle of Wight (Offshore) <sup>3</sup>	P1916	77.5%	UKOG Solent Limited	UKOG Solent Limited	46.7	Preparing drilling planning submission
Isle of Wight (Onshore) <sup>2,3</sup>	PEDL331	65%	UKOG	TBA	200.0	Preparing drilling planning submission
Lidsey <sup>1</sup>	PL241	4.2%	Angus Energy <sup>5</sup>	Angus Energy <sup>5</sup>	5.3	Drilling of infill well being considered.
Markwells Wood <sup>2</sup>	PEDL126	100%	UKOG (GB) Limited	UKOG (GB) Limited	11.2	Compiling Field Development Plan.

**Notes:**

1. Oil field currently in production.
2. Oil discovery pending development and/or appraisal drilling.
3. Exploration asset with drillable prospects and leads.
4. Oil discovery pending flow testing.
5. UKOG has a 6% interest in Angus Energy. Angus Energy has a 70% interest in Lidsey and a 60% interest in Brockham.
6. UKOG has a direct 30% interest in HHDL, plus an indirect 0.72% interest via Angus Energy. HHDL has a 65% interest in PEDL137 and PEDL246.