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Buy

- AJE 4 well has now commenced
- Transocean Deepwater Pathfinder drill-ship
- Expected to take up to 9 weeks

Share Price Performance



Source: Fidessa

Providence Resources

AJE Drilling Commenced

Providence Resources in conjunction with its AJE Partners (Yinka Folawiyo Petroleum Company Limited (“YFP”) acting as the Operator, Chevron Nigeria Deepwater H Limited (“CDHL”) acting as the Technical Adviser, Vitol Exploration Nigeria Limited (“Vitol”), Energy Equity Resources Aje Limited (“EER”) announce that drilling of the AJE 4 well has now commenced.

AJE 4 Well

The Aje-4 well will appraise the Aje gas and oil field located in the offshore Oil Mining Lease, OML 113 in western Nigeria. The Aje Field is located approximately 40 miles west-southwest of Lagos and 15 miles from shore in water depths ranging from 300ft to 3600ft.

The discovery well, Aje-1, was drilled in 1996, encountered oil and gas in reservoirs of Cretaceous age, and flowed at an aggregate rate of 42 MMSCFGD and 2,262 BOPD over three zones. An appraisal well, Aje-2, was drilled in 1997, and flowed 3,866 BOPD from a deeper separate additional zone which had not been encountered in Aje-1. A further appraisal well, Aje-3, was drilled in 2005 to the south of Aje 1 and 2 in deeper water (3,000ft). Whilst confirming the presence of both oil and gas in both target reservoir intervals, Aje-3 was deep to prognosis. The then partners elected to suspend the well and carry out follow on seismic evaluations and other works through 2007, during which period a new syndicate was assembled to progress the AJE project. In late 2007, this new partnership elected to drill Aje-4 well.

Drilling of the Aje-4 well will be carried out by the Transocean Deepwater Pathfinder drill-ship in approximately 1,000ft of water. The total drilling programme is programmed at up to 9 weeks. The drilling operations will be overseen by Chevron acting in its capacity as Technical Adviser to the Operator, YFP.

The primary objectives of the proposed AJE 4 well is to appraise both the Turonian gas and oil accumulation and the Cenomanian oil zone, reservoirs which were seen in the previous 3 AJE wells. All data and samples acquired over these primary objectives will be used for pre-development studies, including reservoir characterisation and simulation. The extensive well evaluation program is designed to gather good quality geological and geophysical information to better evaluate the quality, connectivity and volumetric potential of the Turonian and Cenomanian reservoirs in the Aje Field.

The Aje-4 well has been designed as a suspended future producer in both the Turonian and Cenomanian hydrocarbon-bearing zones. The secondary objectives of the AJE 4 well are to test and evaluate the deeper exploratory targets to progress the overall understanding of the prospectivity in OML 113. If any significant hydrocarbon-bearing zones are discovered in this deeper target, then this will require assessment for volumes and impact on the overall Aje Field development. Drilling is planned to go to a total depth of greater than 12,000 ft. In the success case, the partners are not planning to flow test the well but to install production casing and suspend the well as a future producer. Total drilling costs are estimated at up to US \$ 65 million.

Providence hold an interest of 5 % of the Aje Field in consideration for paying approximately 6.5% of the Aje-4 well costs. NSAI prepared an independent reserves report in 2007 showing contingent resources of the hydrocarbons in the Cenomanian and Turonian ranging from 117 MMBOE (P90) to 433 MMBOE (P10).

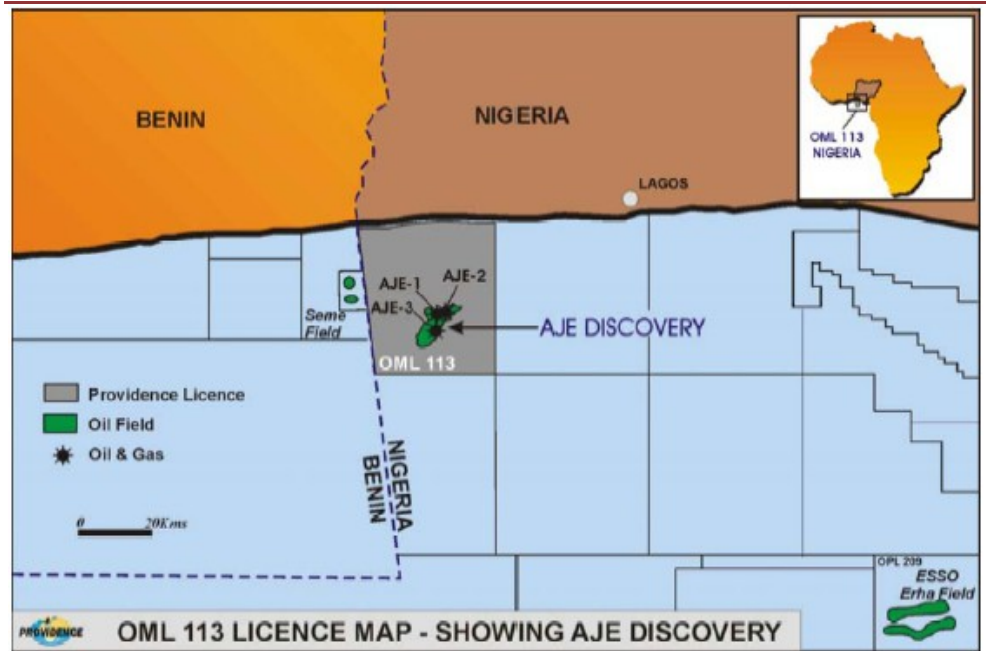
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If the Aje-4 well is successful, it is expected that the Aje Partners could be in a position to declare a declaration of commerciality and proceed to the fast track development of the Aje Field. Development options include pipeline to WAGP (West African Pipeline) with FPSO for liquids and/or sub-sea pipeline to shore.

AJE



Source: Providence Resources

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