

15 FEBRUARY 2008

UNITED KINGDOM • OIL & GAS

Buy

- Rig Secured in competitive market
- 3 Well Program
- Drilling expected June/July

Share Price Performance



Source: Fidessa

Providence Resources

Celtic Sea Rig secured

Providence Resources today confirmed that it has successfully secured a semi-submersible rig for its drilling programme in the Celtic Sea during the summer of 2008.

Celtic Sea Drilling

Under the terms of the deal agreed, Providence, on behalf of the Celtic Sea partners, has hired the Transocean semi-submersible rig, the GSF ARCTIC 2. The contract consists of two firm wells plus an option on a third well. The primary objective of the drilling programme will be to further appraise the Hook Head oil accumulation.

This follows on from Providence's announcement on October 10th 2007, confirming the presence of a significant oil accumulation at the Hook Head structure with the drilling of the 50/11-3 appraisal well.

Depending on the outcome of this appraisal programme, the partners may then also elect to drill a further appraisal well on the adjacent Dunmore East 50/6-1 oil discovery, located some 20 kilometres north of the Hook Head accumulation. Details on the precise drilling locations and the sequencing of drilling will be confirmed over the coming months.

Providence has secured the rig at the going market rate which we understand to be in the order of \$400,000 per day and that the contract is based on usage, not on a specific number of days. Drilling is expected to start in June/July and further announcements will be made closer to the time on specifics.

Providence has a 43.5% share in the project and has appropriate financial resources in place following the successful €25.77m equity raising in 2007 and a \$250 million Macquarie Revolving Credit Facility which is in place for the acquisition of production opportunities as well as for investing in appraisal and development projects.

Celtic Sea partners include, Providence Resources Plc (Operator) 43.5294%, Challenger Minerals (Celtic Sea) Limited 16.3235%, Dyas BV 16.3235%, Forest Gate Resources Inc. 7.5%, Atlantic Petroleum (Ireland) Limited 10.8824% and Sosina Exploration Limited 5.4412%.

The Hook Head structure is a large mid-basinal anticline where three wells have successfully encountered hydrocarbon bearing sands. IRL50/11-3 appraisal well was drilled in 2007. Pre-drill, in-house, volumetric estimates suggested that the Hook Head accumulation has total prospective resources of up to 70 MMBO REC.

- Hydrocarbons were encountered over a 484 ft. gross interval in the main target zone with 75 ft. of net hydrocarbon bearing section.
- Three further prospective zones, which were identified pre-drill as exploration targets for the well, were all logged as being hydrocarbon-bearing. These good quality reservoir zones, which are above the main target zone, had good oil/gas shows whilst drilling and logged a cumulative of c. 20 ft. of additional net pay.
- The hydrocarbon type recovered is now confirmed as a sweet mid-gravity crude oil, with some associated gas.
- The reservoir is normally pressured to c. 1,170 psi at c. 2,550 ft. TVDSS.

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- The reservoir porosities within the hydrocarbon bearing zones are up to 27%.
- Water ingress compromised the implementation of a full flow test programme.

Dunmore was drilled in the mid-80s and flowed good quality oil (2,074 BOPD) from a Jurassic Reservoir. With a rig in the area it is opportunistic and an appraisal well is warranted subject to a partner decision later in the drilling programme. Data suggests that the structure contains potential recoverable reserves of 18MMBO, according to Providence.

Transocean GSF ARCTIC 2 Semi submersible Rig



Source: Transocean

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