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UNITED KINGDOM • OIL & GAS

Buy

- 30' zone of Hydrocarbons logged
- Plugged and abandoned
- Rig moved to Dunmore

Share Price Performance



Source: Fidessa

Providence Resources

Hook Head Well 4 Results

Providence has concluded the appraisal drilling operation on the north-west flank of its Hook Head oil discovery in Standard Exploration Licence 2/07 in the North Celtic Sea Basin, offshore southern Ireland. The Company is now preparing to commence drilling operations on its nearby Dunmore oil discovery.

Net hydrocarbon bearing intervals in the well were substantially less than that which was expected in the pre-drill estimates, as such the company has plugged and abandoned the well prior to moving on to Dunmore. Providence is operator and holds 48.65% of Standard Exploration Licence 2/07. Initial results suggest that majority of the Hook Head resource lies in the central part of the structure already demonstrated by the 50/11-1 and 50/11-3 wells. The latest results will now be added to the current model for evaluation along with results from Dunmore as the company evaluates the Celtic Sea potential.

While a 30' hydrocarbon zone was intersected in the upper levels the company had expected to intercept 100' as seen in previous drilling. While this is disappointing these results are only for the NW fault block which had an estimated Pmean STOIP of 84.4 MMBO and Pmean recoverable 21.2 MMBO. Previous studies in the other 3 fault blocks has indicated a Pmean STOIP is 191.5 MMBO, and Pmean recoverable 48.2 MMBO of which 99 MMBO STOIP and Pmean recoverable of 25 MMBO is related to 50/11-3 and 50/11-1. Scoping studies have indicated that about 30 MMBO recoverable is required to be economic but as mentioned the company is evaluating the Celtic Sea as a whole.

Comment

The Hook Head appraisal well (50/11-4) was drilled on the north-west flank of the Hook Head structure using the Transocean semi-submersible GSF Arctic II rig and was spudded on August 5th, 2008. The well was successfully drilled to a total depth (TD) of 4,875 feet true vertical depth subsea (TVDSS). All geological horizons in the Wealden sand package were within the pre-drill depth prognosis and oil and gas shows were encountered whilst drilling. The well encountered 30 feet of net hydrocarbon bearing Lower Cretaceous sands above the primary objective, which is of an equivalent age to those logged as being hydrocarbon bearing in the 50/11-3 well, located c. 2.3 km to the south-east. Reservoir quality across these intervals was excellent with average porosities of c. 27%. This well constitutes the fourth well to be drilled on the Hook Head structure, all of which have logged hydrocarbons.

However, given that the net hydrocarbon bearing intervals in the 50/11-4 well were substantially less than that which was expected in the pre-drill estimates, the Company and its partners took the decision to plug and abandon the 50/11-4 well. The initial well results suggest that the majority of the Hook Head resource lies in the central part of the structure already demonstrated by the 50/11-1 and 50/11-3 wells, however, the north-west flank could potentially provide additional incremental resources for any future development in the area. The 50/11-4 well results will now be integrated into the Hook Head full field model before finalising forward plans for the accumulation.

As planned the Company has now started the process to move off Hook Head and mobilise the Arctic II drilling unit to the Dunmore oil appraisal well (50/6-D), located approximately 20 kilometres to the north of Hook Head. Drilling on Dunmore is expected to commence within 10 days.

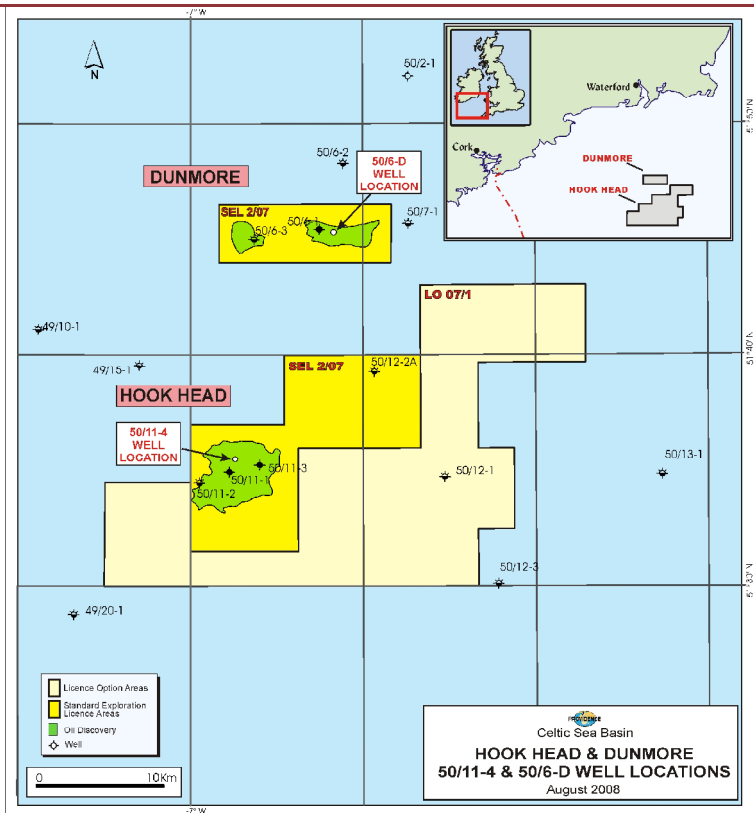
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Dunmore was drilled in the mid-80s and flowed good quality oil (2,074 BOPD) from a c. 60' gross interval of Jurassic Reservoir. Data suggests that the structure contains potential recoverable reserves of 18MMBO, according to Providence. Mapping of reprocessed 2D seismic data now suggest that this structure rises to the east of the 50/6-1 well location and that an appraisal well would be optimally drilled c. 500' up-dip from the 50/6-1 well. On the assumption that a common contact exists between the 50/6-1 discovery well and this crestal area, a number of sands which were water bearing in the original well should be oil bearing at the crestal area thereby significantly increasing the potential flow rates.

Celtic Sea Drilling



Source: Providence

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