

## **Union Jack Oil plc**

(AIM: UJO)

### **Commencement of Drilling Operations – Keddington-5 Development Well**

Union Jack Oil plc ("**Union Jack**" or the "**Company**"), an onshore oil and gas production and exploration company with a focus on production, drilling, development and investment opportunities in the United Kingdom hydrocarbon sector, is pleased to announce that drilling operations have commenced in respect of the Keddington-5 conventional sidetrack development well. The well is located in PEDL005(R) incorporating the producing Keddington oilfield, the Louth prospect and the North Somercotes prospect.

Union Jack acquired a 10% economic interest in PEDL005(R) (the "**Licence**") from Egdon Resources UK Limited ("**Egdon**") in September 2015. The holders in the Licence are the operator, Egdon (45%), Terrain Energy Limited (35%), Nautical Petroleum Limited (a 100% wholly owned subsidiary of Cairn Energy PLC) (10%) and Union Jack Oil plc (10%).

Under the terms of the acquisition agreement with Egdon, Union Jack will pay 20% of the costs of the Keddington-5 sidetrack well and 20% of the costs of the Louth exploration well, currently planned for 2016/2017. Union Jack's contribution towards the costs of the Keddington-5 sidetrack well will be financed from existing cash resources.

Based upon an integrated geological and geophysical evaluation Stock Tank Oil Initially in Place ("**STOIP**") estimates indicate that below the previously drilled Keddington-4 well, there remains an undrained volume that ranges between 309,000 and 566,000 barrels of oil.

The objective of the Keddington-5 well is to access the undrained STOIP through the drilling of the Keddington-5 sidetrack from the existing Keddington-4 well which was also a sidetrack of the original Keddington-1Z well bore.

The Keddington oilfield was discovered in 1998 by Candecca and brought onstream the same year. Egdon acquired the then shut-in field from Roc Oil GB Limited in March 2007 and production was restarted in June 2007. Egdon has previously drilled two horizontal sidetrack wells which produce oil from two Carboniferous age sandstones at a depth of approximately 2,200 metres.

#### **David Bramhill, Executive Chairman of Union Jack Oil plc commented:**

"Union Jack, with over £3 million of cash and debt free, will continue to participate in attractive projects such as Keddington that offer realistic chances of success and the opportunity to add to its asset base at moderate cost."

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In accordance with the AIM Rules - Note for Mining and Oil and Gas Companies, the information contained in this announcement has been reviewed and signed off by the Mr Graham Bull, Non-Executive Director, who has over 45 years of international oil and gas industry exploration experience.