



Power Talk

June 20 2017

Are Horse Hill partners still a 'strong stable' or are Gatwick Gusher bosses becoming a coalition of chaos?

When they all got together to fund a well near Gatwick airport, a cabal of small-cap companies (and not all would describe themselves as oil firms) were in unison behind a simple goal: drill a well in double quick time and hopefully hit oil.

That project, the Horse Hill well, was a resounding success.

Expectations were high and, setting aside the too simplistic and somewhat misrepresented suggestions that there was 'hundreds of billions of barrels of oil', the actual results from Horse Hill still confounded critics.

Production testing at Horse Hill yielded some 1,688 barrels oil per day, marking it among the very best exploration well results ever in Britain's onshore oil industry.

But, now as a number of the Horse Hill partners are going their own ways, chasing their own follow-up projects, the dividing lines between the ambitious oil juniors are becoming very apparent.

David Lenigas, a key player in putting the original Horse Hill gang together, for example, on Monday took to Twitter evidently to challenge some criticisms of his chairmanship of Horse Hill stakeholder Doriemus PLC (LON:DOR).

And he also sent barbs in the direction of the executives running Solo Oil PLC (LON:SOLO) and UK Oil & Gas Investment Plc (LON:UKOG).

Folks not happy with the way I am running Doriemus. Great. Colin can run it from now on. Colin can get the fame for discovering Weald Basin

— David Lenigas (@DavidLenigas) June 19, 2017

I want everyone to know that me and Tidswell found HH. Not SS or Ritson. They said it was rubbish when they were consultants. Fact.

— David Lenigas (@DavidLenigas) June 19, 2017

Somewhat ironically, the companies' respective well results are reinforcing of the whole play.

For they are providing evidence that the outstanding Horse Hill results aren't a one-off, and that the Kimmeridge play could indeed be a game changer for UK onshore oil.

Broadford Bridge

Lenigas, meanwhile, this morning, described Tuesday's result at UKOG's Broadford Bridge initial well results as "absolutely cracking good news".

UKOG announced that it has found evidence of 'wet gas' as it continues to move towards the main targets in the Kimmeridge zones.



The Broadford Bridge area is on the southern flank of the basin and is described as a mirror image of the fault block at Horse Hill.

UKOG has now begun the process of coring, where samples are extracted from the areas most likely to be hydrocarbon-bearing.

It has started from 4,013 feet, just above the Kimmeridge Limestone, which was host to oil at the UKOG-operated Horse Hill well, near Gatwick.

Brockham has also seen success

While Horse Hill is the stand-out success to date in the Weald, Angus Energy has also perforated the Kimmeridge and plans to put its Brockham well into production.

Angus and Doriemus are partners in Brockham as well as the Lidsey oil field in West Sussex where there are plans to tap into the Kimmeridge.

At Brockham, which has produced from other reservoirs, Angus Energy has submitted a field development plan with a view to unlocking the resources in the Kimmeridge.

In March, Angus revealed results from testing at Brockham. Drill results revealed the characteristics of Brockham to be very similar and, in some respects superior, to those at Horse Hill.

The well work confirmed that the Kimmeridge at Brockham is 385 metres thick, with two of the limestone intervals (each around 30 metres) tested in Horse Hill present in the Brockham well.

Reservoir properties appear to be very similar to Horse Hill, based on electrical logging evidence.

There were natural fractures in the two main limestones intervals previously tested at Horse Hill (these are key to oil flowing naturally). There were also abundant natural fractures in sections of interbedded shales and limestones between and below the two main limestones.

"Based on the evidence so far, Angus has confidence that the well will be similar to Horse Hill and perhaps given that the reservoir is potentially much thicker in zones not previously tested the results could be even better," Angus said in March.

"These results achieve everything short of production to prove the potential from this zone."

At the Holmwood project, in the licence area immediately west and adjacent to Horse Hill, UKOG is partnered with Europa Oil & Gas (and others) and a future well programme aims to provide another test of the Kimmeridge.

Whilst projects like Broadford Bridge, Brockham and Holmwood aim to prove that Horse Hill can be replicated, back at the 'Gatwick Gusher' itself more work is also planned to take the asset towards a fully-fledged oil producing operation.

An extended flow testing programme at Horse Hill is intended to provide longer-term verification of the very positive flow testing results.

It will inform the future project development planning, allow the partners to detail how they'll best tap into both the Portland and Kimmeridge zones.

Mutual interest

Plainly, there's plenty of shared interest remaining among the Horse Hill partners as the future of the Kimmeridge play continues to emerge.

With so many small-cap companies all in one fairly nuanced project, a degree of disagreement is perhaps to be



expected and it was probably always going to be this way at some point (particularly given with the characters involved).

A more interesting question, perhaps, is how can the varied interests, opinions and personalities pull back together again?

Short of some kind of group-hugging mediation, maybe consolidation will eventually be the answer.

After all, its tough enough for one single small company to arrange sufficient backing for one compelling project proposal.

Getting several somewhat fractious small companies funded and back into alignment could prove to be a minefield - scooping them up into fewer baskets looks like an attractive option.

In the meantime, before anyone gets around the deal table, the ongoing stream of well results may continue to be de-risking and value-adding, though at the same time Horse Hill's partner politics could well descend into a 'coalition of chaos'.

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