

RNS Number : 8827J
Prospex Oil and Gas PLC
15 September 2016

Prospex Oil and Gas Plc / Index: AIM / Epic: PXOG / Sector: Oil and Gas

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Prospex Oil and Gas Plc ('Prospex' or the 'Company')
Update on Kolo Licence, Drilling Contract Award

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to provide an update on its investment in the Boleslaw-1 well, located in the 1,150 sq km Kolo Licence ('Kolo'), onshore Poland, which remains on track to be drilled in Q4 2016. Kolo is 100% owned by Strzelecki Energia Sp z.o.o ('Strzelecki'), a wholly owned subsidiary of Hutton Poland Limited ('Hutton') in which Prospex holds a 49% interest.

Prospex has been advised by the directors of Hutton that Strzelecki, the licence holder of the Kolo concession, has signed a drilling contract with Poland's Exalo Drilling SA ('Exalo') to drill the Bolesaw-1 exploration well. Exalo will perform the work with its Cooper LTO 550 rig. This Strzelecki operated well is targeting gas in Santonian and Campanian sands and is expected to take 32 days to reach the total depth of around 1,500 meters. The Bolesaw-1 permitting effort is on track with the drilling programme approval by the Ministry of Environment expected later this month. This is another important milestone of the permitting process, which once approved will allow Strzelecki to file the final application for the drilling permit (Plan Ruchu). The signing of this drill contract allows Exalo to place orders for a number of long lead items. The rig is expected to arrive on site in November and the well spudded shortly after.

Prospex non-executive Chairman, Bill Smith, said "Signing this drill contract with Exalo represents another key achievement in the advancement of Boleslaw-1 as we continue to target the commencement of drilling later this year. Having secured the surface access for the proposed drill site in August, we are delighted with the consistent progress that is being made in advancing this asset. With two mapped reservoirs and a priority target on-track for drilling in Q4 2016 we believe that the Kolo licence is demonstrating its investment value and we look forward to keeping shareholders updated with continued progress in due course."

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