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Prospex Oil and Gas PLC  
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Prospex Oil and Gas Plc ('Prospex' or the 'Company')  
Production concession application submitted, onshore Italy

Prospex Oil and Gas Plc, the AIM quoted investment company, is pleased to announce that it has been advised by the operator Po Valley Energy Limited ('PVE') that a production concession application has been submitted to develop a new high return gas field in northern Italy (the 'Application'). The Application covers the 80.8km<sup>2</sup> Selva Gas-Field ('Selva'), which includes the Podere Maiar-1d appraisal/redevelopment well ('Podere Maiar' or 'the Well'), where strong flow rates from testing operations confirmed a significant commercial gas discovery in January 2018. Prospex holds a 17% interest in Selva, which sits within the 331km<sup>2</sup> Podere Gallina Exploration Permit (the 'Podere Gallina'), which is located in the Po Valley region of Italy, a proven hydrocarbon province where over 5,000 wells have been drilled historically.

Podere Maiar was drilled in Q4 2017 into the Selva Gas-Field (previously operated by ENI), which historically produced 83Bcf of gas between 1960 and 1984. In December 2017 two gas-bearing reservoirs, C1 and C2, were encountered by the Well in the Medium-Upper Pliocene sands of the Porto Garibaldi formation with peak flow rates of 148,136 scm/day (5.2mmscf/d) on a 3/8 inch choke and 129,658 scm/day (4.6 mmscf/d) on a 3/8 inch choke achieved respectively in January 2018.

Under the first phase of the development plan for the Well, PVE plan to install a fully automated gas plant at the existing Selva/Podere Maiar-1d well site at a cost of EUR2.4m and run a 1km long pipeline to connect with the nearby Italian National Grid connection. Based on dynamic reservoir studies, first phase production is targeted at a rate of up to 150,000 cubic metres (5.3 mmscf/day) a day from the successfully tested C1 and C2 reservoirs. Accordingly, the formal Application, which has been submitted to the Italian Ministry, covers the installation of a fully automatic gas plant with capacity to produce 150,000 cubic metres (5.3mmscf/day) of gas a day.

Crucially, significant further upside remains and in the second phase of the development plan (contingent on 3D seismic results), PVE intend to drill additional wells with a view to significantly increasing the size of the Selva natural gas resource. Wells will be drilled in the field's highly prospective Selva East, Selva South Flank, and Riccardina prospects, all of which fall within the production concession application area. 3D seismic will be acquired (subject to JV approval) across these areas in the second half of 2018 and early 2019.

The Application will be considered for preliminary award at the next Italian Ministry Hydrocarbon Commission meeting, which is expected in July 2018. In the interim, PVE will prepare documentation for the requisite Environmental Impact Assessment so as to be able to commence the next stage of environmental approval pending preliminary award of the Application.

**Commenting on the news Managing Director, Edward Dawson, said,** "The submission of this production concession application marks a significant step forward in the commercialisation and recommencement of commercial gas production at the Selva Gas-Field in Italy. Following the successful discovery of commercial gas at Podere Maiar earlier this year, PVE has designed a clear development plan from which to realise value in the near term whilst also proving up the potential of the wider licence area, with multiple prospects set to be advanced, each of which has the potential to significantly increase the size of the overall Selva Gas-Field.

"Selva is set to be a high return natural gas field development and is undoubtedly a valuable asset within our multi-project investment company, which also includes the Baint gas discovery in Romania, which is on course to commence production later this quarter, and the Tesorillo Project in southern Spain, which has gross unrisked Prospective Resources of up to 2 Tcf cubic feet of gas. With multiple value triggers due in the coming months, we look forward to keeping shareholders updated on developments and believe 2018 is set to be a very exciting year for Prospex."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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## Notes

Prospex Oil and Gas Plc is an AIM quoted investment company focussed on high impact onshore and shallow offshore European opportunities with short timelines to production. The Company's strategy is to acquire undervalued projects with multiple, tangible value trigger points that can be realised within 12 months of acquisition and then applying low cost re-evaluation techniques to identify and de-risk prospects.

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