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Baron Oil PLC
08 January 2021

Market Abuse Regulation (MAR) Disclosure
Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement

8 January 2021

Baron Oil Plc

("Baron" or the "Company")

Update on TL-SO-19-16 Production Sharing Contract (the "Chuditch PSC" or the "PSC"), Timor-Leste

Baron Oil Plc (AIM:BOIL), the AIM-quoted oil and gas exploration company with opportunities in SE Asia, Latin America and the UK, is pleased to provide shareholders with the following update on the Chuditch PSC.

Key Points

- Proposal presented to ANPM to allow project to progress
 - Includes request for minimum 12-month extension
- Significant upgrade in estimated resources
 - Gross Mean GIIP: 4,703 BCF
 - Gross Mean Prospective Resources: 3,527 BCF
 - Mean Prospective Resources net to Baron interest: 882 BCF

Background

Baron has a 33.33% interest in the shares of SundaGas (Timor-Leste Sahul) Pte. Ltd. ("**SundaGas TLS**"), the parent company of the Timor-Leste subsidiary holding the Chuditch PSC interest, with the remaining 66.67% being held by a subsidiary of SundaGas Pte. Ltd., a private E&P company based in Singapore. The sole asset of SundaGas TLS is its 100% shareholding in SundaGas Banda Unipessoal Lda., which in turn operates and holds a 75% interest in the PSC, with the remaining 25% carried interest being held by a subsidiary of the Timor-Leste state oil company (Timor Gap, E.P.). Baron therefore has an indirect 25% interest in the Chuditch PSC.

The work programme for the current, initial licence phase of the PSC includes an obligation to reprocess 800 sq. kilometres of 3D and 2,000 kilometres of 2D seismic data in the first two-year period, which expires on 18 December 2021. Thereafter, subject to satisfactory results from the 3D seismic reprocessing, the subsequent commitment is for a well to be drilled in the third and final year of the initial phase of the Chuditch PSC.

Proposal to ANPM

As detailed in the Company's announcement of 11 September 2020, since signing the PSC in November 2019 with Autoridade Nacional do Petróleo e Minerais ("**ANPM**"), progress has been hampered by unanticipated issues around data access, including access to the critical Kyranis 3D seismic volume recorded in 2012 partly over the Chuditch PSC area. Baron has supported SundaGas TLS throughout this time in its efforts to work constructively with ANPM and others to unlock the situation. As a result, SundaGas TLS has now been able to present a proposal to ANPM which amongst other matters, includes an extension request and which, if accepted, the Board believes will resolve the key issues of access to data, ability to input directly into the re-processing project, and satisfy the Timor-Leste training requirements which are also part of the PSC's work programme.

Extension Request

As a result of the time lost whilst attempting to resolve the data access and other issues referred to above, which have been exacerbated by the COVID-19 situation, SundaGas TLS has requested a minimum 12-month extension to the current, initial licence phase, from the date of grant of such an extension. The additional time is essential in order to complete the agreed work programme, in particular the vital 3D seismic reprocessing, to allow a timely drilling decision to be made.

Update on Technical Evaluation

On 4 February 2020 the Company announced information on the Chuditch PSC, specifically from publicly released reports on the area prepared by Shell Development (Australia) Pty. Ltd. ("**Shell**") in 1998 and 2001 following the drilling of the Chuditch-1 discovery well. Shell's estimates of volumes of gas initially in place ("**GIIP**") were limited to the Chuditch-1 discovery and immediately adjacent prospects and parts of prospects lying within the licence area (the ZOCA 91-09 PSC) prevailing at the time. The aggregate gross Mean of those volumes is 2,901 billion standard cubic feet ("**BCF**") of gas.

Subsequently SundaGas TLS has gathered and interpreted subsurface information, mainly legacy 2D seismic and well data, both regional and specific to prospects lying within the Chuditch PSC, which incorporates areas outside the former ZOCA 91-09 PSC. As a result, the extension of the prospect known by Shell as Bilby, now renamed Chuditch North, is mapped to lie within the Chuditch PSC. The gross Mean volume associated with this extension as estimated by Shell is 258 BCF of GIIP.

Further, a significant new lead has been mapped within the Chuditch PSC which lay in Australian waters prior to the 2018 maritime boundary treaty between Timor-Leste and Australia and was therefore not mapped by Shell or other previous operators in the area. This new lead, named Chuditch North East, is on trend with, and mapped to be in the same reservoir and structural setting, as the Chuditch-1 discovery and the other prospects identified by Shell. This area has more limited legacy 2D seismic data coverage. SundaGas TLS has estimated the Chuditch North East lead to contain a gross Mean GIIP of 1,544 BCF.

The aggregate of these estimated gross Mean volumes within the Chuditch PSC is 4,703 BCF GIIP.

Shell's expectation of gas recovery at the time of their reports was in the range of 55% to 75%. Evaluation studies by SundaGas TLS, incorporating the more than 20 years of technical advances in reservoir management, indicate that the best case expectation of gas recovery is now 75%, which computes to gross Mean recoverable Prospective Resources of 3,527 BCF.

It is noted that the above estimates are not fully compliant with the 2018 SPE PRMS Prospective Resources standard.

Summary of Estimated GIIP and Prospective Resources

The tables below summarise the volumetric estimates, as described above, for the identified discovery, prospects and lead on the Chuditch PSC, on a gross and net attributable basis. The figures represent estimates pending reinterpretation, remapping and volumetric re-estimation, following the planned 3D seismic reprocessing.

As previously reported the geological chance of success ("**GCOS**") for the Chuditch Discovery was considered by Shell to be 100%; the GCOS for the prospects and lead are subject to ongoing review by the Operator.

Summary of Gas Initially in Place					
GROSS					
<i>All figures are billion cubic feet of petroleum gas</i>					
<i>Non-compliant with 2018 SPE PRMS standard</i>					
	<u>Status</u>	<u>Source</u>	<u>Low Estimate</u>	<u>Mean</u>	<u>High Estimate</u>
Chuditch-1	Discovery	Shell	1260	1830	2410
Chuditch West	Prospect	Shell	89	129	170
Chuditch South West (Wombat)	Prospect	Shell	139	581	985
Chuditch North (Bilby) in ZOCA 91-09	Prospect	Shell	249	361	475
Chuditch North (Bilby) in Chuditch PSC not in ZOCA 91-09	Prospect extension	Shell	178	258	340
Chuditch North East	Lead	SundaGas	599	1544	2782
<u>Total Gas Initially in Place</u>			<u>2513</u>	<u>4703</u>	<u>7162</u>
Summary of Prospective Resources*					
GROSS					
<i>All figures are billion cubic feet of petroleum gas</i>					
<i>Non-compliant with 2018 SPE PRMS standard</i>					
	<u>Status</u>	<u>Source</u>	<u>Low Estimate</u>	<u>Mean</u>	<u>High Estimate</u>
Chuditch-1	Discovery	Shell	945	1373	1808
Chuditch West	Prospect	Shell	67	97	127
Chuditch South West (Wombat)	Prospect	Shell	104	436	739
Chuditch North (Bilby) in ZOCA 91-09	Prospect	Shell	186	271	356
Chuditch North (Bilby) in Chuditch PSC not in ZOCA 91-09	Prospect extension	Shell	133	194	255
Chuditch North East	Lead	SundaGas	449	1158	2087
<u>Total Prospective Resources</u>			<u>1885</u>	<u>3527</u>	<u>5372</u>

Summary of Gas Initially in Place - Net Attributable to Baron (25%)					
<i>All figures are billion cubic feet of petroleum gas</i>					
<i>Non-compliant with 2018 SPE PRMS standard</i>					
	<u>Status</u>	<u>Source</u>	<u>Low Estimate</u>	<u>Mean</u>	<u>High Estimate</u>
Chuditch-1	Discovery	Shell	315	458	603
Chuditch West	Prospect	Shell	22	32	42
Chuditch South West (Wombat)	Prospect	Shell	35	145	246
Chuditch North (Bilby) in ZOCA 91-09	Prospect	Shell	62	90	119
Chuditch North (Bilby) in Chuditch PSC not in ZOCA 91-09	Prospect extension	Shell	44	65	85
Chuditch North East	Lead	SundaGas	150	386	696
<u>Total Gas Initially in Place</u>			<u>628</u>	<u>1176</u>	<u>1791</u>
Summary of Prospective Resources* - Net Attributable to Baron (25%)					
<i>All figures are billion cubic feet of petroleum gas</i>					
<i>Non-compliant with 2018 SPE PRMS standard</i>					
	<u>Status</u>	<u>Source</u>	<u>Low Estimate</u>	<u>Mean</u>	<u>High Estimate</u>
Chuditch-1	Discovery	Shell	236	343	452
Chuditch West	Prospect	Shell	17	24	32

Chuditch South West (Wombat)	Prospect	Shell	26	109	185
Chuditch North (Bilby) in ZOCA 91-09	Prospect	Shell	47	68	89
Chuditch North (Bilby) in Chuditch PSC not in ZOCA 91-09	Prospect extension	Shell	33	48	64
Chuditch North East	Lead	SundaGas	112	290	522
Total Prospective Resources			<u>471</u>	<u>882</u>	<u>1344</u>

Notes to Tables

- * computed using a 75% recovery factor

Sources:

- "Shell": publicly released reports on the area prepared by Shell Development (Australia) Pty. Ltd. ("Shell") in 1998 and 2001 following the drilling of the Chuditch-1 discovery well
- "SundaGas": SundaGas Banda Unipessoal Lda., Operator of the PSC

Gross:

- 100% of the Gas Initially in Place or Prospective Resources attributable to the licence

Net attributable:

- the Gas Initially in Place or Prospective Resources attributable to Baron's indirect 25% interest in the Chuditch PSC

Qualified Person's Statement

Pursuant to the requirements of the AIM Rules - Note for Mining and Oil and Gas Companies, the technical information and resource reporting contained in this announcement has been reviewed by Jon Ford BSc, Fellow of the Geological Society, Technical Director of the Company. Mr Ford has more than 39 years' experience as a petroleum geoscientist. He has compiled, read and approved the technical disclosure in this regulatory announcement and indicated where it does not comply with the Society of Petroleum Engineers' standard.

Jon Ford, Technical Director of Baron, commented:

"The results of the technical evaluation of legacy subsurface data have both confirmed and enhanced our view of the hydrocarbon potential in the Chuditch PSC. We look forward to refining the technical case as new information becomes available. Specifically, this will include the results of 3D seismic reprocessing aimed at reducing volumetric uncertainty and increasing confidence in the subsurface image so we may plan future drilling campaigns and commercial exploitation. The new evaluation of the large Chuditch North East lead close to the existing discovery and other prospects further establishes our positive view of this underexplored area."

Andy Yeo, Chief Executive of Baron commented:

"After much work behind the scenes, we are delighted that we have been able to present a considered and workable proposal to ANPM which, if accepted, will allow the project to progress. Meanwhile, a considerable amount of technical work has already been completed which has led to the introduction of a significant new lead - Chuditch North East - which, along with a material upgrade to gas recovery expectation, results in an aggregate gross Mean recoverable prospective resource of greater than 3,500 BCF of gas (more than 580 MMBOE).

The Chuditch PSC has the potential to be transformative for Baron and exemplifies our strategy of targeting material interests in high impact assets which have the ability to attract institutional interest."

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Glossary

BCF	Billion cubic feet.
Geological chance of success (GCOS)	The estimated probability that exploration activities will confirm the existence of a significant accumulation of potentially recoverable petroleum.
GIIP	Volume of natural gas initially in-place in a reservoir.
Mean	Reflects a mid-case volume estimate of resource derived using probabilistic methodology. This is the mean of the probability distribution for the resource estimates and may be skewed by high resource numbers with relatively low probabilities.
MMBOE	Million barrels of oil equivalent. Volume derived by dividing the estimate of the volume of natural gas in billion cubic feet by six in order to convert it to an equivalent in million barrels of oil and, where relevant, adding this to an estimate of the volume of oil in millions of barrels.
Prospective Resources	Quantities of petroleum that are estimated to exist originally in naturally occurring reservoirs, as of a given date. Crude oil in-place, natural gas in-place, and natural bitumen in-place are defined in the same manner.
SPE PRMS	The Society of Petroleum Engineers' ("SPE") Petroleum Resources Management System ("PRMS") is a system developed for consistent and reliable definition, classification, and estimation of hydrocarbon resources prepared by the Oil and Gas Reserves Committee of SPE and approved by the SPE Board in June 2018 following input from six sponsoring societies: the World Petroleum Council, the American Association of Petroleum Geologists, the Society of Petroleum Evaluation Engineers, the Society of Exploration Geophysicists, the European Association of Geoscientists and Engineers, and the Society of Petrophysicists and Well Log Analysts.

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