

IGAS ENERGY PLC (“IGas”)

Operational Update January 2012

***Onshore Energy:
Delivering a Secure future***



Overview



Overview

“Delivering discovered hydrocarbons in the UK”

- Star acquisition completed 15th December 2011
- Continuing to identify upside across the portfolio
 - Production
 - Reserves / Resources
- Wells to demonstrate CBM flow rates now drilled, awaiting completion and testing
- Encouraging well results from Ince Marshes supports significant shale potential



Asset Opportunity

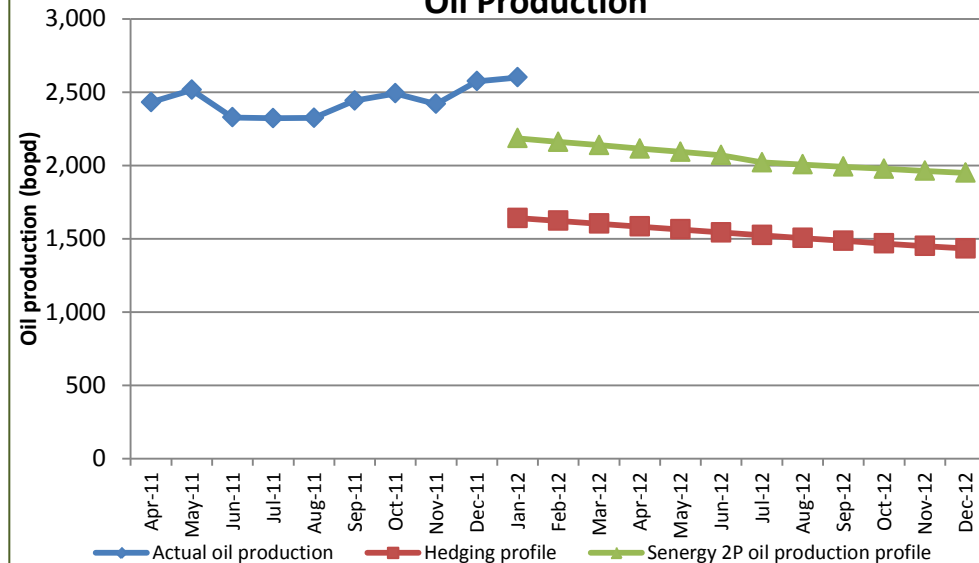
Areas	East Midlands	South/Weald	North West/Staffs
Fields	16	8	2
Production Sites	80	15	7
Wells (total)	163	48	6
Wells (producing)	84	27	4 (currently shut-in)



- Planning at further 6 production sites for CBM
- The large well stock offers significant opportunity for re-entry and recompletion
- We have established an internal group to assess the potential of the well stock
- This is being supported by external consultants and an updated CPR will be published in summer 2012 incorporating the results of this activity

Production

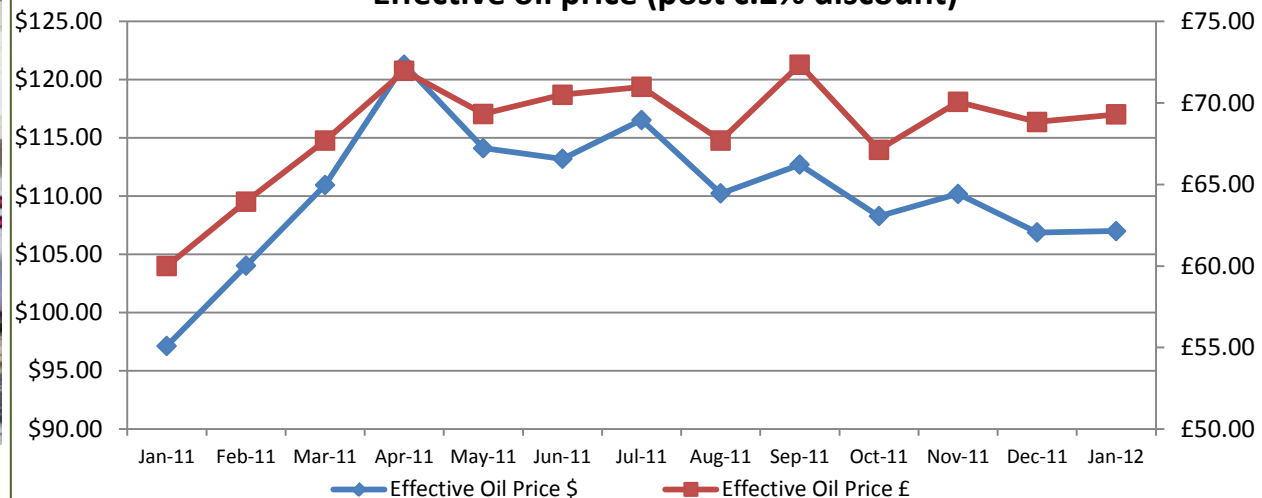
Oil Production



- Production ahead of Senergy 2P profile c.2700 boepd since completion
 - c.2600 boepd of oil
 - c.50 boepd of external gas sales
 - c.50 boepd of gas for own use
- c.1500 bopd hedged at \$94.30/bbl
- Excess currently achieving \$106.00 net per barrel



Effective oil price (post c.2% discount)



Production: Enhancements and Workovers

- ❑ Programme of production enhancement and work-overs ongoing
 - in-house well services team with 2 work-over rigs, 2 flush rigs etc.
 - Programme will form part of revised work program for the combined group



Export

☐ Trains

- Oil in the Weald currently exported by train
- Potential to re-open Welton rail head being explored
- Offers flexibility in refinery choice

☐ Tanker fleet

- Optimising use of own fleet and external haulage contractors
- Remains the cheapest means of transport

☐ Refineries

- Potential to increase export routes

☐ Alternative export routes

- Increased use of gas to wire
- Project to review other opportunities for direct sales



Drilling



❑ Doe Green

- Completed drilling in coal at DG-3 & -4
- Sump at DG-4 being drilled
- Completions to be run in both wells
- Will then be hooked up and tested
- Commence flowing Q1

❑ Ince Marshes

- Completed and suspended as a potential producer

❑ Irlam and Ellesmere Port

- Site prepared and conductors set

❑ Rig capacity

- JV's in place with both Meehan's and Larchford giving access to rig capacity

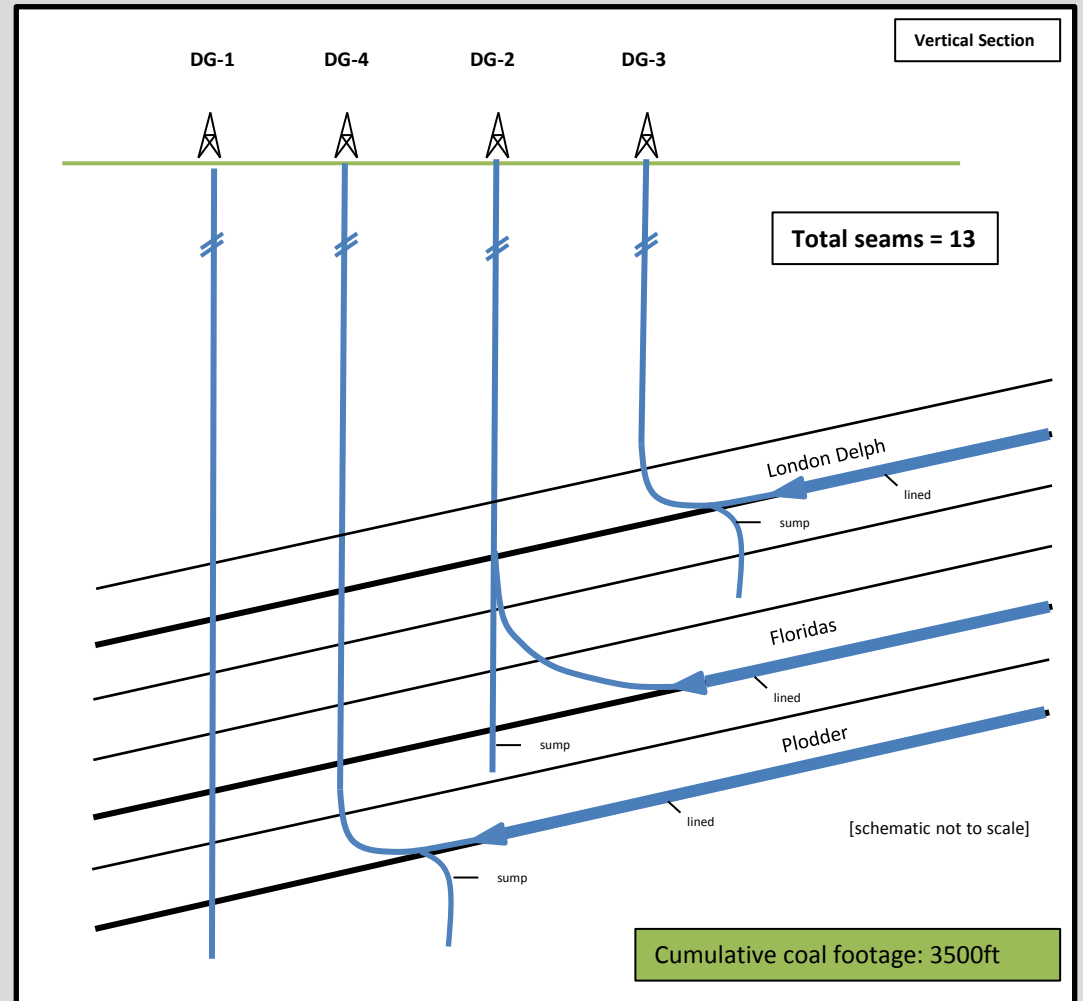
Unconventional Appraisal



Schematic of Doe Green Well Bores

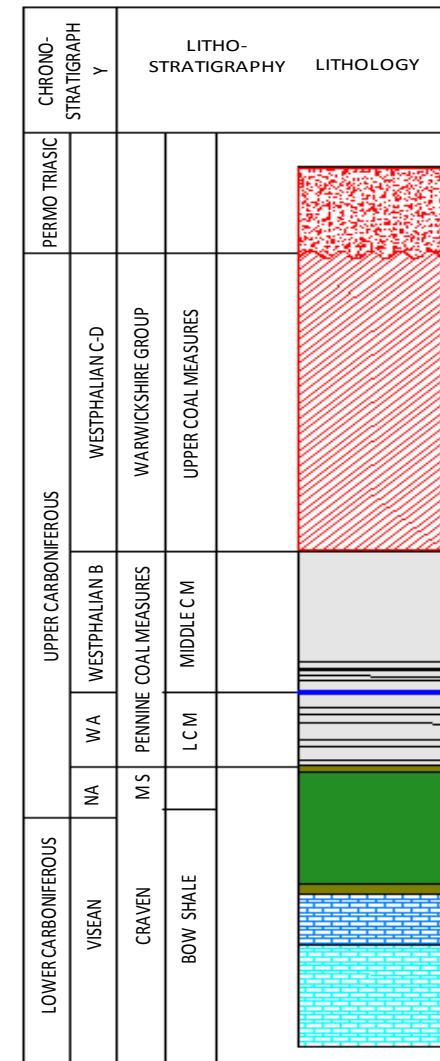
- ❑ Doe Green IGas CBM “Laboratory”
 - 3 seams developed from 13
 - Deeper seams more faulted
 - Encouraging gas indications observed during drilling
- ❑ Demonstrates flow from multi-seams
- ❑ Helps refine drilling & completion philosophy
- ❑ Contributes to the potential for conversion of resources to reserves

Lateral Wells			
Well	DG-2	DG-3	DG-4
Seam	Floridas	London Delph	Plodder
Coal footage (ft)	1000	1500	1000



Ince Marshes Update

- ❑ Well suspended and Meehan TXD- 1 rig released on 31st December
- ❑ Coals encountered shallower than anticipated
- ❑ Extensive cores taken across the Coal Measures
- ❑ Total net coal encountered 36 feet, with encouraging gas shows
- ❑ Encountered ca. 1000 ft of Bowland shale
 - Still in shale at TD
 - Gas indications across the interval
 - Logs and geological samples obtained
 - Potentially prospective horizons identified
 - Supports thickness assumptions in study leading to previous shale GIIP calculations



Pre-Drill Prognosis

Resource and Reserves

Current
Production

c.2700 boepd

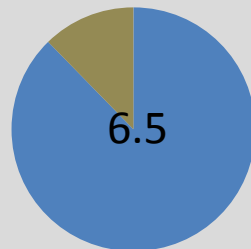
1P/1C/Low

2P/2C/Medium

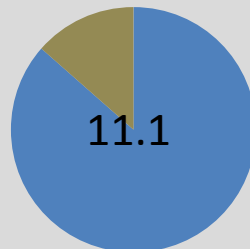
3P/3C/High

Actions

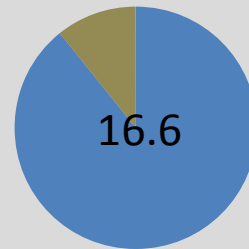
Reserves
(mmboe)
[P]



6.5



11.1



16.6

Review of well stock
& production upside
program

Resources
(mmboe)
[C]



242



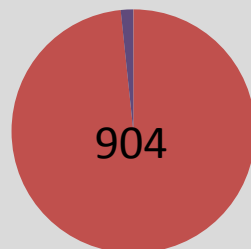
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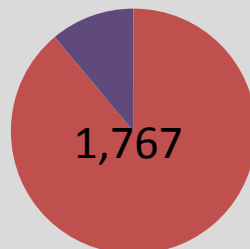
412

Unconventional appraisal

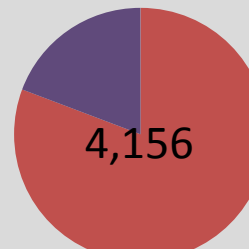
GIIP
(mmboe)
[low/mid/high]



904



1,767



4,156

Unconventional appraisal
and review of STOIP

Gas Oil CBM Shale

Up-coming Programme

- ☐ Continue workover programme
- ☐ Continue review of well stock
- ☐ Review production test results from DG
- ☐ Use DG learnings in well program for Irlam
- ☐ Analyse samples and logs from Ince Marshes
- ☐ Conduct revised CPR on basis of above programme



Objectives

- ❑ Deliver production ahead of Senergy 2P profile
- ❑ Convert resource to reserves by demonstrating commerciality of CBM
- ❑ Quantify additional shale resource and prospectivity
- ❑ Further update by end Q1 2012 including Doe Green CBM flow rates

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Delivering a secure future

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