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IOG PLC
13 June 2023

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IOG plc

Blythe H2 First Gas

IOG plc ("IOG", or "the Company"), (AIM: IOG.L) confirms that First Gas has been safely delivered from the Blythe H2 well and provides an update on the planned near-term intervention.

Rupert Newall, CEO, commented:

"IOG's Drilling, Operations and Engineering teams have done an excellent job to bring the Blythe H2 well onstream within one week of our initial three-month guidance, despite losing over a month to the well control event. Strong collaboration with Petrofac (Well Operator), Shelf Drilling (rig contractor), ODEAM (infrastructure Duty Holder) and Perenco (terminal operator), among others, has enabled safe and efficient execution of this important well.

We are expediting equipment to the rig to resolve the apparent downhole mechanical blockage, which if successful could increase H2 flow rates by around month end to the 30-40 mmscf/d range that we guided pre-well. In addition, we continue to work very actively on next steps beyond H2 and expect to provide further updates shortly."

H2 First Gas

- First sales gas safely delivered from H2 into the Saturn Banks Reception Facilities and Bacton terminal on 12th June
- H2 brought onstream in three months and one week from spud date, versus initial guidance of approximately three months, despite 34 days lost to the well control event
    - Hook-up and commissioning ("HUC") completed well ahead of schedule
- The well is in the ramp-up phase towards an expected initial maximum rate
    - Maximum well test dry gas rate was 22.8 mmscf/d and 280-336 bbl/d condensate at the export pipeline pressure of 1250psi

Planned H2 intervention

- During testing, H2 flow appeared to be choked back below the levels indicated by reservoir properties by a downhole restriction
- Analysis of pressure and temperature data from the well test indicates a downhole restriction above the reservoir is choking back production
- Pressure build-up data since the test indicates reservoir permeability is in line with pre-drill expectations - further supporting the view that the issue is mechanical rather than reservoir driven
- Analysis of combined pressure and temperature data infers that a potential cause for the restriction may be a partially activated downhole valve
- H2 is intended to be flowed at initial rates until specialist downhole equipment arrives on the rig within the next two weeks to assess and, if necessary, manually actuate this valve
- This intervention would likely take up to a week at an estimated incremental cost net to IOG of c.£0.5 million
- If successful, the intervention would be expected to increase H2 flow rates to the previously guided 30-40 mmscf/d range

Production plan

- The H1 well was shut in as planned during the final H2 HUC. Post-intervention, the plan remains to produce initially from H2 only, to flush formation water out of the Saturn Banks Pipeline System and reduce associated opex

- No faults or fractures were encountered in the H2 reservoir section and no formation water was observed on testing

testing

- Following a period of shut in to allow the water levels to re-equilibrate, the plan is to reopen H1 periodically at lower rates to flow gas and condensate with limited water production

Corporate and financial update

- The Company remains in discussions with an ad-hoc group of bondholders as stated on 7th June and will keep the market updated accordingly on progress
- Management continues to be fully focused on maximising production and managing costs very tightly
- Over June to date, UK NBP Day-ahead gas pricing has remained very volatile, ranging from its year-to-date low of 54 p/therm on 1st June back to 80 p/therm by 9th June
- While this recent increase is encouraging, significant volatility and uncertainty persist

UK fiscal regime

- IOG also notes the UK government's announcement on 9th June of price floors for the Energy Profits Levy ("EPL"), whereby oil must remain below $71.40/bbl and gas below 54 p/therm ($40.7/boe) for six consecutive months in order for the EPL to be suspended
- The Company welcomes the introduction of EPL price floors, however expects the actual impact to be minimal given the particularly low gas floor and the requirement for both gas and oil floors to be met
- The change looks likely to favour larger integrated energy businesses with international production and LNG trading capabilities at a time when greater focus is needed on developing domestic low carbon gas supplies to displace higher carbon intensity LNG from overseas and improve security of supply
- The North Sea is a relatively mature basin and the UK gas market is increasingly dependent on imports. The Company continues to advocate for the reintroduction of a small fields allowance which would specifically help to stimulate much-needed further investment in lower carbon intensity domestic gas fields to displace imported LNG

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the company's obligations under Article 17 of MAR.

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About IOG:

IOG is a UK developer and producer of indigenous offshore gas. The Company began producing gas in March 2022 via its offshore and onshore Saturn Banks production infrastructure. In addition to its production assets, IOG operates several UK Southern North Sea licences containing gas discoveries and prospects which, subject to future investment decisions, may be commercialised through the Saturn Banks infrastructure. All its assets are co-owned 50:50 with its joint venture partner CalEnergy Resources (UK) Limited. Further details of its portfolio can be found at www.iog.co.uk.

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