

14 December 2023

**Beacon Energy plc**  
("Beacon Energy" or the "Company")

**Erfelden Production Update**

Beacon Energy (AIM:BCE), the full-cycle oil and gas company with a portfolio of onshore German assets through its wholly-owned subsidiary, Rhein Petroleum GmbH ("**Rhein Petroleum**"), announces a production update on the Erfelden field following the installation of a rod pump on the Schwarzbach-2(2.) ("**SCHB-2(2.)**") well.

**SUMMARY**

- The rod pump has now been installed on the SCHB 2(2.) well and, having produced at much higher rates initially, production has now stabilised at a rate of approximately 40 barrels of oil per day ("**bopd**").
- The low production rate indicates that the reservoir near the wellbore has been invaded with drilling fluids which are restricting flow rates. This is not uncommon in situations where hole stability issues have occurred during drilling due to the use of high-density drilling fluids to stabilise the hole.
- The well continues to clean-up, albeit currently at a slow rate. Even at these low flow rates, production is commercial with field revenues exceeding field operating costs.
- The Company will undertake industry-standard well stimulation in the fourth week of January 2024, which is expected to improve production.
- The Company is fully funded to undertake the planned well stimulation in an operation that will take approximately 1 week and which has an estimated cost of less than €500,000.
- To date, over 1,600 barrels of oil have been produced through the Schwarzbach facility since the installation of the rod pump.
- A planned pressure build-up test is currently underway using a downhole pressure memory gauge that will be recovered prior to the well stimulation operation. The data from this test will inform our understanding of both formation pressure in the oil-bearing reservoir and the "skin" effect, caused by fluid invasion around the wellbore during drilling, and which is impeding flow.
- As previously announced, as a result of the SCHB 2(2.) well, the Company has recently increased its Best Estimate of recoverable reserves on the Erfelden field from 3.8 million barrels to 7.2 million barrels.
- The Company continues to estimate that given the excellent reservoir properties and the light oil recovered, and in the absence of an invasion zone which restricts flowrate, the SCHB 2(2.) well could achieve production in the region of 900 bopd.
- At those flow rates, the Company would expect to deliver operating cash flows in the order of US\$1.5 million per month (assuming \$80/bbl Brent).

Company production, including the contribution from the Company's interest in the Lauben field, is approximately 70 bopd which makes a material contribution towards operating costs and G&A.

The Company expects to provide further updates on the clean-up operations, the well stimulation, and the installation of the ESP as appropriate.

**Beacon Energy Chief Executive Officer, Larry Bottomley commented:**

*"After an extended flow test to allow the well to clean-up and provide us with the critical data to inform next steps, the SCHB-2(2.) well is now in commercial production but at lower flowrates than expected given the*

quality and thickness of oil-bearing reservoir encountered in the well. It is not uncommon for wells to take extended periods of time to clean up and we remain confident that the well will produce at higher rates either through natural clean-up during production or once we execute the remedial works.

"The SCHB2(2.) well encountered excellent oil-bearing reservoirs with thickness and properties in excess of pre-drill prognosis, but operational challenges encountered while drilling has left a legacy of drilling fluids that have invaded the reservoir near the well bore. These fluids are currently impeding production. From our analysis, this invaded zone is likely to be less than 3 metres around the wellbore which we intend to tackle with industry standard well stimulation techniques.

"The principal implication for the lower than expected flowrate is the delay to the development of the Erfelden field. The SCHB-2(2.) well has demonstrated a material reserve in the Erfelden field, ranging from 4.7 - 7.2 - 10.2 million barrels in the Low, Best Estimate and High case respectively in the Company's assessment. We see a significant positive valuation in the region of \$140 million NPV<sub>10</sub> in the Best Estimate Case (management estimate, assuming \$80/bbl Brent) which justifies our continued efforts to realise the value of this asset.

"As previously announced, based on standard oil-industry analysis the Company estimate that given the excellent reservoir properties and the light oil recovered, and in the absence of an invasion zone which restricts flowrate, the SCHB 2(2.) well could achieve production in the region of 900 bopd. The challenges currently being experienced do not alter our belief in the ultimate production potential from this well. At those flow rates, the Company would expect to deliver operating cash flows in the order of US\$1.5 million per month (assuming \$80/bbl Brent).

"We remain fully focused on establishing optimal production from the SCHB-2(2.) well as quickly as possible through the rod pump, undertaking well stimulation and ultimately the installation of the ESP.

"We look forward to providing an update on the work-over programme in due course."

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*The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulation (EU) No. 596/2014 as it forms part of United Kingdom domestic law by virtue of the European Union (Withdrawal) Act 2018.*

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