

Prior to publication, the information contained within this announcement was deemed by the Company to constitute inside information as stipulated under the UK Market Abuse Regulation. With the publication of this announcement, this information is now considered to be in the public domain.

6 June 2024

Zephyr Energy plc
("Zephyr" or the "Company")

State 36-2R well update

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF), the Rocky Mountain oil and gas company focused on responsible resource development and carbon-neutral operations, is pleased to provide an update on drilling operations on the State 36-2R LNW-CC well ("the well") at the Company's flagship project in the Paradox Basin, Utah, U.S.

Drilling operations have been completed safely and successfully, with the well drilled to a total depth of 10,290 feet (measured depth).

Zephyr's operations team is now preparing to set a production liner across the Cane Creek reservoir section (the "reservoir"), after which the Helmerich & Payne Rig 257 will rig down and demobilise from the site. Over the coming weeks, Zephyr will mobilise equipment for completion and production testing of the naturally fractured reservoir zone that was successfully intersected during drilling operations.

Initial results indicate that the well, like the State 36-2 LNW-CC well (the "original well"), penetrated a folded and naturally fractured section of the reservoir. It intersected the top of the reservoir approximately 15 feet from the original well bore and its natural fracture network. The well encountered drilling mud gas shows of a similar magnitude to the original well and pore pressure analysis suggest formation pressures estimated at approximately 9,300 pounds per square inch (which is broadly consistent with previously drilled offset wells).

The well further confirms the presence of hydrocarbons within a large structural compartment, within Zephyr's acreage and 3D seismic coverage. During the upcoming production test, the well will be flowed and production tested to determine reservoir pressure, fluid composition, well flow rate, bulk reservoir permeability and deliver an early estimate of the overall potential recoverable resources.

Colin Harrington, Zephyr's Chief Executive, said:

"I am delighted to have concluded drilling operations safely and in line with our plans. We have intersected the reservoir remarkably close to the original well and early indications imply confirmation of hydrocarbons - and that we've likely been successful in hitting our natural fracture target with precision.

"Our next step is to commence the well production test in the coming weeks, subject to service availability. We look forward to keeping the market apprised as testing operations commence and a more fulsome evaluation of the well result becomes available."

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Dr Gregor Maxwell, BSc Hons. Geology and Petroleum Geology, PhD, Technical Adviser to the Board of Zephyr Energy plc, who meets the criteria of a qualified person under the AIM Note for Mining and Oil & Gas Companies - June 2009, has reviewed and approved the technical information contained within this announcement.

Notes to Editors

Zephyr Energy plc (AIM: ZPHR) (OTCQB: ZPHRF) is a technology-led oil and gas company focused on responsible resource development from carbon-neutral operations in the Rocky Mountain region of the United States. The Company's mission is rooted in two core values: to be responsible stewards of its investors' capital, and to be responsible stewards of the environment in which it works.

Zephyr's flagship asset is an operated 46,000-acre leaseholding located in the Paradox Basin, Utah, 25,000 acres of which has been assessed to hold, net to Zephyr, 2P reserves of 2.6 million barrels of oil equivalent ("mmboe"), 2C resources of 34 mmboe and 2U resources 270 mmboe.

In addition to its operated assets, the Company owns working interests in a broad portfolio of non-operated producing wells across the Williston Basin in North Dakota and Montana. Cash flow from the Williston production will be used to fund the planned Paradox Basin development. In addition, the Board will consider further opportunistic value-accretive acquisitions.

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