

Deltic Energy Plc / Index: AIM / Epic: DELT / Sector: Natural Resources

11 March 2025



**Deltic Energy Plc ("Deltic" or "the Company")
Operational Update**

[Deltic Energy Plc](#) the AIM quoted natural resources investing company, is pleased to provide the following operational update in relation to its portfolio of UK gas development and exploration assets:

Highlights

- Post-well analysis and pre-Field Development Planning work on Selene Gas Project underway
- Selene gas project NPV10 of USD 58M, net to Deltic, based on updated economic model
- Selene project - Endymion prospect maturation demonstrates low-cost upside on block
- Farm-out process on Blackadder licence commenced

Selene Gas Project - Licence P2437

Deltic has a 25% non-operated interest in the Selene gas discovery in the Southern North Sea ("SNS").

Following the successful drilling of the discovery well in 2024, the Joint Venture ("JV") partners unanimously supported the move into the second term of the licence and committed to the various engineering, commercial and regulatory workflows required to support a Field Development Plan ("FDP") and a future Final Investment Decision ("FID") in early 2027.

This work has initially focused on the analysis of data and samples collected from the 2024 well and integration of this information into the various subsurface and reservoir models. This process is progressing well, and Deltic expects significant amounts of data to become available over the coming months which will enhance the Company's understanding of the reservoir and provide a higher degree of confidence around potential future flow rates in a production scenario.

Given the legacy 3D seismic dataset over the development area was last reprocessed more than 10 years ago, the JV is considering upgrading the dataset and utilising modern processing techniques to improve seismic image quality and refine the structural model up-dip from the discovery well location. Should the JV decide to proceed with this work, which would run in parallel to other workflows, it would result in reprocessed data being available towards the first quarter of 2026 .

Updated Economic Model

Deltic has revised its internal economic model for an indicative two well development of the Selene discovery, with gas export via the existing Barque production infrastructure, which incorporates updated cost and time estimates for the development recently provided by the Operator and Deltic's internal modelling, as follows:

Assumptions	Units	Value*
Deltic Working Interest	%	25
P50 Estimated Ultimate Recovery ('EUR')	BCF	131
Initial Field Production Rate	MMscf/day	50
Gas Price	pence/therm	80
First Gas	Year	2029
Cost per BOE	USD	13 CAPEX & 16 OPEX
Fiscal Regime	As per Budget announced 30 October 2024	

Economic Evaluation	Units	Value*
Gross Gas Sales (cumulative)	USD	1.6 billion
NPV10 (pre-tax, gross)	USD	279 million
NPV10 (post-tax, net to Deltic)	USD	58 million
Payback Period	Years	In year 2 of production
Internal Rate of Return	%	35%

*Values are estimates based on Deltic's own internal economic model and have not been subject to any third-party review.

The Company's sensitivity modelling demonstrates that the Selene Gas Project is a commercially robust development. Gas prices utilised in the model represent a significant discount to both current spot price and long-term forward gas prices indicating the potential for material upside to the NPV10 valuation quoted above.

On Block Upside

Based on data acquired during the drilling of the Selene exploration well in 2024, Deltic has also reviewed the prospectivity associated with the Endymion structure located on the north-eastern corner of the P2437 licence area. Endymion is a structural extension of the depleted Mimas gas field and, following recent model updates completed after the Selene well drilling, Deltic estimates that the Endymion prospect contains P50 Prospective Resources of 70 BCF (with a P90-P10 Range of 45 to 106 BCF) with a geological chance of success ("GCoS") of >75%.

It is envisaged that the Endymion structure would be developed via a single subsea tie-back to the proposed Selene development infrastructure. Any additional gas produced from Endymion could further materially enhance the overall Selene licence project economics and could maximise the use of the proposed Selene infrastructure for a number of additional years. It is expected that any drilling on Endymion would only occur after FID on the core Selene development had been secured.

Funding Options

Deltic is currently evaluating a number of options, both at the corporate and asset level, which should allow it to secure the funding required to meet its medium-term requirements in relation to the Selene development. The options under evaluation include, but are not limited to, a further farm-down of Deltic's current equity position in Selene, a partial sale of its interest in Selene, a pre-payment against future gas sales, and seeking to add new strategic shareholders to the Company's register.

This is a key area of focus for the management team and board as the Company determines the best way forward for the benefit of all shareholders.

Blackadder - Licence P2672

Deltic has a 100% working interest in Licence P2672 which is located in a mature area of the Southern North Sea Gas Basin.

Updated structural mapping completed by Deltic, incorporating knowledge gained from the Selene discovery, suggests that the legacy Blackadder prospect and the Pharos discovery (Well 47/05d-6 drilled in 2013) are likely a single structure which has been extensively de-risked by the Pharos well.

Deltic estimates the updated structure to contain P50 Prospective Resources of 165 BCF (P90 to P10 range of 66 to 293 BCF) with a GCoS of 65%, with the key outstanding risks being related to reservoir quality and producibility.

The proposed forward work programme will be focussed on improving the quality of existing 3D seismic data which Deltic believes will enhance its understanding of the local depositional model and partially de-risk issues around reservoir quality and refine the Company's volumetric estimates.

A farm-out process in relation to this opportunity was launched at an industry event last week. Deltic expects this process to run over a number of months and looks forward to updating the market once this process has concluded.

Dewar - Licence P2646

Deltic has a 100% working interest in Licence P2646 which is located in the Central North Sea and contains the Dewar oil exploration prospect. The Dewar licence remains in 'care and maintenance' mode and, other than nominal licence rental and NSTA levy fees, the Company expects to incur no further costs on this licence during 2025.

The subsurface opportunity is well understood, given legacy work completed by Deltic, and while the prospect is robust there are significant challenges in terms of access to export infrastructure. The Company's intention is to review potential development and export options for this low-risk exploration prospect again in 2026, before looking to introduce a partner to help take this project forward.

Andrew Nunn, Deltic CEO, commented:

"The magnitude of the divergence between Deltic's share price and the Company's valuation of its stake in the Selene Gas Project is clearly a cause of frustration for both shareholders and the Board, especially given the quality of the asset and commitment of the JV partners. The Board considers that actions taken in late 2024 to reduce ongoing G&A costs, and Deltic's previously communicated year end cash position of £1.4m, provides the Board with sufficient flexibility to progress potential funding options to enable the business to move to Selene FID and beyond.

There has now been a period of stability in the UK oil and gas industry following the UK Budget in October 2024, and while the overall environment remains extremely challenging, we believe there has been a slight improvement in sentiment towards the sector. Deltic, and in particular our Chairman, have been and will continue to provide leadership and input into industry-led initiatives to educate government, ministers and other stakeholders on the environmental, employment, economic, and energy security benefits of producing oil and gas from UK waters. As recent events have demonstrated, it has never been clearer that a secure domestic energy supply is a vital national asset and Deltic's work could be a key contributor to delivering that for the UK in the coming years."

****ENDS****

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Qualified Person

Andrew Nunn, a Chartered Geologist and Chief Executive Officer of Deltic, is a "Qualified Person" in accordance with the Guidance Note for Mining, Oil and Gas Companies, June 2009 as updated 21 July 2019, of the London Stock Exchange. Andrew has reviewed and approved the information contained within this announcement.

Standard

Estimates of resources have been prepared in accordance with the PRMS as the standard for classification and reporting.

Glossary of Technical Terms

BCF:	Billion Cubic Feet.
BOE	barrels of oil equivalent. Gas is converted at a conversion rate of 6,000 standard cubic feet of gas per BOE.
Estimated Ultimate Recovery ('EUR'):	Estimated Ultimate Recovery is defined as those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from an accumulation, plus those quantities already produced therefrom.
Geological Chance of Success (GCoS):	for prospective resources, means the chance or probability of discovering hydrocarbons in sufficient quantity for them to be tested to the surface. This, then, is the chance or probability of the prospective resource maturing into a contingent resource. Prospective resources have both an associated chance of discovery (geological chance of success) and a chance of development (economic, regulatory, market and facility, corporate commitment and political risks). The chance of commerciality is the product of these two risk components. These estimates have been risked for chance of discovery but not for chance of development.
MMscf:	million standard cubic feet.
NPV10:	estimated net present value using a discount rate of 10%.
Prospective Resources:	are estimated volumes associated with undiscovered accumulations. These represent quantities of petroleum which are estimated, as of a given date, to be potentially recoverable from oil and gas deposits identified on the basis of indirect evidence but which have not yet been drilled.
PRMS:	the June 2018 Society of Petroleum Engineers ("SPE") Petroleum Resources Management System.
P90 resource:	reflects a volume estimate that, assuming the accumulation is developed, there is a 90% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a low estimate of resource.

P50 resource:	reflects a volume estimate that, assuming the accumulation is developed, there is a 50% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a median or best case estimate of resource.
P10 resource:	Reflects a volume estimate that, assuming the accumulation is developed, there is a 10% probability that the quantities actually recovered will equal or exceed the estimate. This is therefore a high estimate of resource.
Therm:	the energy equivalent of approximately a hundred cubic feet of natural gas.

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