

## **Serica Energy plc**

(“Serica” or the “Company”)

### **SERICA AWARDED FRONTIER EXPLORATION LICENCE OFFSHORE IRELAND**

London, 21 July 2009 - Serica Energy plc (AIM & TSX-V: SQZ) announces that it has been awarded Frontier Exploration Licence FEL1/09 covering Blocks 5/17, 5/18, 5/22, 5/23, 5/27 and 5/28 (the “Licence”) in the Rockall Basin off the west coast of Ireland. Serica is the Licence operator and holds a 100% working interest.

Licence FEL 1/09 lies in the northeastern part of the offshore Rockall Basin and the six blocks cover a total area of 993 square kilometres. The Rockall Basin has an areal extent of over 100,000 square kilometres in which only three exploration wells have been drilled to date and the basin is therefore regarded as very underexplored. Of these exploration wells the 12/2-1 Dooish gas-condensate discovery, drilled by Enterprise Oil in 2002, lies approximately nine kilometres to the south of the Licence and encountered a 214 metre hydrocarbon column.

A 3D seismic survey has already been acquired and Serica will reprocess this data in order to enhance its understanding of the principal prospect, a structure known as Muckish that covers an area of approximately 30 square kilometres in a water depth of 1,450 metres. Serica estimates that Muckish has a most likely prospective resource of 675 billion cubic feet of gas equivalent although, given the frontier nature of the area, it is also possible that the structure could contain oil. In order to learn more about its hydrocarbon potential, Serica will acquire several 2D long-offset seismic lines across the Muckish structure.

The Licence is classed as a Frontier Exploration Licence and may be held for up to sixteen years subject to work programme and relinquishment requirements. On a commercial discovery a Petroleum Lease will be granted. In the initial Licence phase of four years Serica is committed to carry out geological and geophysical studies and to acquire 400 kilometres of long-offset 2D seismic data.

#### **Serica CEO Paul Ellis said:**

“The award of this new Licence in the Rockall Basin represents a significant addition to Serica’s exploration position in Ireland, following our recent Bandon oil discovery in the Slyne Basin. Several of Serica’s present staff were involved in the Corrib and Dooish discoveries west of Ireland whilst at Enterprise Oil and have a detailed knowledge of exploration and operations in the Atlantic Margin of Ireland. The award is a further example of Serica’s strategy to access acreage where 3D seismic data is already available, which enables exploration drilling to take place at an early stage.”

#### **Supplemental information:**

The area covered by the Licence is approximately 993 square kilometres.

The Licence was granted on 21 July 2009 for a period of up to sixteen years subject to certain work programme and relinquishment requirements. The initial phase of four years requires a programme of geological, geophysical and environmental studies, the acquisition of 400 kilometres of 2D seismic data and the reprocessing of 400 square kilometres of existing 3D seismic data. To extend the

Licence into subsequent phases, Serica would be required to commit to a programme of exploration drilling. Upon a commercial discovery, Serica would have the right to enter into a Petroleum Lease covering the expected life of the field.

Sandstones of Permo-Triassic age are the principal reservoir targets and are expected to be encountered approximately 4,000 metres below sea level at the Muckish prospect. Water depth at Muckish is approximately 1,450 metres. An exploration well drilled to test the Muckish prospect could cost US\$50-60 million, but Serica would seek a partner to share the cost before electing to drill a well.

Although gas-condensate is the most likely reservoir fluid to be expected in the Licence, it is also possible that dry gas or oil could be found, since the basin is very underexplored and its thermal history is not yet well understood. The estimate of most likely prospective resources is 675 billion cubic feet of gas equivalent. A large reserve would need to be proved before any development could be undertaken, due to the depth of water, the extreme winter weather conditions and the lack of existing infrastructure in the immediate area. The probability of technical success for the Muckish prospect has been estimated at approximately 20%. These estimates of prospective resources and probabilities of success have been made by Serica's in-house technical team. The prospective resources are the quantity of gas presently estimated to be potentially recoverable from this undiscovered accumulation. If discovered in this quantity, it is expected that they would be technically and economically viable to recover. However, there is no certainty that these prospective resources will be discovered or that they will be able to be developed at the time of discovery.

Serica is the operator of licence FEL 1/09 and is also the operator of another Irish Atlantic Margin licence, FEL 1/06, in which the Bandon well 27/4-1 was recently drilled and announced as an oil discovery. Serica operates other exploration ventures in the UK, Spain and Indonesia and has a 50% interest in the Kambuna field in Indonesia that will soon provide the Company's first significant production revenue. Serica was recently awarded two exploration blocks in the Atlantic Margin offshore Morocco and is participating in a three well exploration programme offshore Vietnam.

## **Enquiries:**

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The technical information contained in the announcement has been reviewed and approved by Peter Sadler, Chief Operating Officer of Serica Energy plc. Peter Sadler is a qualified Petroleum Engineer (MSc Imperial College, London, 1982) and has been a member of the Society of Petroleum Engineers since 1981.

## **Forward Looking Statements**

This disclosure contains certain forward looking statements that involve substantial known and unknown risks and uncertainties, some of which are beyond Serica Energy plc's control, including: the impact of general economic conditions where Serica Energy plc operates, industry conditions, changes in laws and regulations including the adoption of new environmental laws and regulations and changes in how they are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Serica Energy plc's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward looking statements and, accordingly, no assurances can be given that any of the events anticipated by the forward looking statements will transpire or occur, or if any of them do so, what benefits, including the amount of proceeds, that Serica Energy plc will derive therefrom.

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