

Serica Energy plc

("Serica" or the "Company")

Dambus-1 Exploration Well, Kutai PSC, Indonesia

London, 15 October 2010 - Serica Energy plc (AIM & TSX-V: SQZ) provides an operations update regarding the Dambus prospect exploration well in the Kutai PSC offshore Indonesia.

Serica and its partners spudded the Dambus-1 offshore exploration well on 4 September 2010 using the jack-up drilling rig Trident IX. The objective of the well was to investigate the potential for gas and oil accumulations in a stacked sequence of Miocene sands. Dambus-1 was drilled as a deviated well to a total depth of 3,225 metres measured depth ("MD") (2,713 metres true vertical depth subsea ("TVDSS"). Based on the indicative data obtained while drilling, hydrocarbons were encountered in clean sands in the gross interval 2,070-2,102 metres MD (1,787 - 1,812 metres TVDSS) and there were indications of further hydrocarbon-bearing sands in an interval below 2,760 metres MD (2,340 metres TVDSS). In order to obtain definitive data on the extent of the discoveries the well was plugged back and sidetracked and wireline logs, pressure data and fluid samples were acquired.

Sidetrack Dambus-1ST was drilled to a total depth of 2,800 metres MD (2,568 metres TVDSS). Excellent quality gas-bearing Miocene reservoir sands were encountered in the interval 2,025-2,047 metres MD (1,795-1,816 metres TVDSS) of which the net gas-bearing sands amounted to approximately 18 metres.

Following an extensive logging and sampling programme in Dambus-1ST, the deeper sands were found to be water bearing. The upper gas-bearing sands alone are not expected to be commercially exploitable and the well is therefore being plugged and abandoned.

The Trident IX drilling rig will now move to drill the Marindan exploration well, the second well in the present two-well programme in the Kutai PSC.

Serica **CEO Paul Ellis** said:

"We have always been confident that hydrocarbons would be found in the Kutai PSC, since the acreage lies within a prolific petroleum basin. Although the amount of gas found in the Dambus prospect is unlikely to be commercial at present gas prices, the next well in the programme is completely independent of the results of the Dambus-1 well and we look forward to spudding the Marindan-1 exploration well later this month."

15 October 2010

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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.

Notes to Editors

Serica Energy plc is an oil and gas exploration and production company using specialised geophysical technology to create value through the discovery of new hydrocarbon reserves. Serica is based in London, England, and holds exploration and production licences principally in the UK North Sea and East Irish Sea, the Atlantic Margins of Ireland and Morocco and in Indonesia. The Company's key producing and development assets are a 25% interest in the producing Kambuna field offshore Indonesia and a 50% stake in the UK Central North Sea Columbus field, under development.

Serica's business objective centres on building shareholder value through successful exploration and appraisal drilling. Serica is also focused on improving its market liquidity, optimising its risk profile and managing the company's portfolio of opportunities through acquisition and divestment. Serica's strategy involves minimising its exploration drilling costs through promoted farm-outs while retaining high working interests in the potential for exploration success.

www.serica-energy.com

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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