



HORSE HILL

DEVELOPMENTS LTD

Suite 3B, 38 Jermyn St
SW1Y 6DN, London

20 May 2016

Attention:
Oil & Gas Authority
21 Bloomsbury Street
London WC1B 3HF

Dear ,

PEDL137 and PEDL246 – Request for Retention Areas

Further to recent discussions, Horse Hill Developments Limited (HHDL), on behalf of HHDL and Magellan Petroleum (UK) Limited, would like to hereby formally request that the Oil and Gas Authority awards separate Retention Areas over the whole of licences PEDL137 and PEDL246, per the 14th Licencing Round Master Clauses.

For both PEDL137 and PEDL246, all work programme obligations have been completed. Also, for both licences, HHDL has recently carried out highly successful flow testing of the Horse Hill-1 oil discovery well, in the Kimmeridge Limestones and Upper Portland Sandstone reservoirs.

HHDL proposes the following work programme for PEDL137 (subject to normal regulatory/planning approvals and consents):

1. Up to three extended well tests in the existing Horse Hill-1 well, of up to 90 days, following up on the recent flow testing; these EWT's would be carried out to further test the Lower Kimmeridge Limestone, Upper Kimmeridge Limestone and Upper Portland Sandstone; HHDL's target date to commence these EWT's is Q4 2016, but this start date is a function of our current regulatory process, as HHDL needs new planning permission and Environment Agency, OGA and HSE consents.
2. Subject to the expected well testing results, acquire, process and interpret a 3D seismic survey over an area of around 40 km²; HHDL's target date is to acquire this seismic is Q1 2017.
3. Conditional on successful well testing, drill a Horse Hill-1 sidetrack appraisal in one of the Kimmeridge Limestones and carry out a 90-day EWT; HHDL's target date to drill this well is Q4 2017.
4. Conditional on successful well testing, drill a Horse Hill-2 Upper Portland appraisal well and carry out a 90-day EWT; HHDL's target date to drill this well is 1H 2018.

HHDL proposes the following work programme for PEDL246 (subject to normal regulatory/planning approvals and consents):

1. All of the PEDL137 work programme, with the exception of 3D seismic, will take place from the existing Horse Hill-1 site, located in PEDL137. However, this programme will also serve to test and appraise the Kimmeridge Limestone oil play that extends into PEDL246.



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2. As part of the above 3D seismic acquisition, processing and interpretation, a further 10 km² of 3D will be acquired in PEDL246.
3. Additionally, the Horse Hill-1 sidetrack trajectory will be to the east or south-east, towards PEDL246, whose boundary with PEDL137 is less than 5 km to the east.

The current expiry date of PEDL137 is 30 September 2016. For PEDL246, the current expiry date is 30 June 2016.

Please advise should you require further information in this regard.

Yours Sincerely,

Stephen Sanderson
Chairman, Horse Hill Developments Limited

Please note that this application contains commercially sensitive information relating to timing and commercial strategy ("Confidential Information"), which, if disclosed to the public, would adversely affect the legitimate economic interests of HHDL. The Confidential Information is provided in confidence for the purposes of the application and should be treated as confidential and should not be disclosed to any third party, placed on any register or published in any way without the consent of HHDL. In the event of a request under the Freedom of Information Act 2000 or any other relevant legislation, our views should be sought prior to any disclosure.