

Oil and Gas Authority
21 Bloomsbury Street
London WC1B 3HF

24 May 2019

Dear ,

PEDL137 Retention Area Work Programme and Horse Hill-1 Extended Well Test

Per our recent discussion, this Horse Hill Developments Ltd letter is to request the Oil and Gas Authority's consent to:

- An amendment to one element of the PEDL137 Retention Area Work Programme
- An extension of the Horse Hill-1 (HH-1, LR/24-4) extended well test (EWT, also PEDL137)

These two requests are closely linked, as explained further below.

Amendment to the PEDL137 Retention Area Work Programme

OGA has approved the current PEDL137 Retention Area Work Programme (your letter to HHDL of 11 March 2019, attached). One element of this approved Work Programme is to drill a Kimmeridge Limestone (KL) appraisal well by 30 September 2019.

HHDL was intending to fulfil this element via a horizontal sidetrack (HH-1z) of the HH-1 well in the KL. However, HH-1 is currently

HH-2 will be a new horizontal well (for which a WONS application will be submitted to OGA via WONS shortly), drilled to appraise the Portland. Both HH-1 and HH-2 are intended as future production wells, once the necessary planning permission and permits are in place. Please note that planning and permit applications were submitted in December 2018 and January 2019, respectively). Horse Hill production is also of course conditional on OGA's approval of a Horse Hill Field Development Plan, which is intended to be submitted to you this summer.

HHDL's preference is now to ensure that HH-2, which is also intended to be put on extended well test, is a successful well, prior to plugging and abandoning the perforated reservoir sections of HH-1, in order to set a whipstock and sidetracking it as HH-1z in the KL. This new plan for HH-1z mitigates the risk of a poor appraisal result from HH-2, thus preserving the reserves and production capacity of HH-1.

HH-1 / 1z will be included in the Horse Hill FDP as a KL producer. The FDP would then be revised in due course for full development of the KL.

HHDL hereby requests that the PEDL137 Retention Area Work Programme is approved with the KL appraisal well drilled one year later, by 30 September 2020. No other changes are proposed to the Work Programme.

Extension of the HH-1 EWT

The HH-1 EWT duration has currently been approved by OGA until 31 May 2019 (your letter of 29 March 2019, attached). As a consequence of this proposed delay to the HH-1z appraisal of the Horse Hill KL discovery, HHDL further wishes to continue the HH-1 EWT, in order to learn as much as possible, prior to Horse Hill production, about the fluid, flow and pressure characteristics of the KL. The gathered information will be very valuable in determining the optimum future development for the Horse Hill KL.

This HH-1 KL testing will involve

, from which HHDL believes the bulk of the

KL oil flows.

HHDL hereby requests that OGA approve an extension to the HH-1 EWT until the earlier of 31 December 2019, or when HH-1 / HH-1z is approved as a production well (i.e. planning permission, required environmental permits and FDP approval by OGA, plus review by the Health and Safety Executive).

Further, the EWT oil and gas volumes currently approved by OGA are of oil and of gas. In order to accommodate a continued HH-1 EWT through to 31 December 2019, HHDL hereby requests that these volumes are tonnes and of gas.

Yours sincerely,

Matt Cartwright
Horse Hill Developments Ltd