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Circle Oil Plc

("Circle" or the "Company")

Operating Update Tunisia

Mahdia Permit - Exploration Well EMD-1 Discovery

Circle Oil Plc (AIM: COP), the Middle East and Africa focused oil and gas exploration, development and production company, is pleased to announce the preliminary results of drilling of the well EMD-1 in the Mahdia Permit, offshore Tunisia.

The El Mediouni-1 well (EMD-1) is located within the north central area of the Mahdia Permit in a water depth of 240 metres, 120 km east of the port of Sousse. EMD-1 was spudded on 8 June 2014 and drilled to a TD of 1,200 metres MD in the Upper Ketatna carbonates. The stratigraphy encountered in the well was exactly as prognosed and very good light oil shows were encountered both in the Lower Birsa carbonate primary target and the Upper Ketatna carbonates secondary target over a combined interval of 133 metres.

The strong hydrocarbon indications encountered in the Birsa and Ketatna carbonates confirm the existence of a working petroleum system in the Mahdia Permit for this and other prospects. The robustness of the El Mediouni trap has also been proven. The losses incurred within the target formations, as described below, give further confirmation of high quality permeability. The gross oil zone interval in the Lower Birsa is 77 metres and the Upper Ketatna has a minimum interval of 48 metres, subject to confirmation by logs. Using known reservoir and fluid parameters from equivalent formations in the Gulf of Hammamet, the internally estimated most likely recoverable prospective resources discovered by the EMD-1 well are approximately 100 MMBO.

During the drilling of the target carbonates, severe mud losses occurred and multiple remedial operations to restore circulation were performed. This included the pumping of numerous CaCO₃ pills, conventional lost circulation material and large volumes of sea water. The hole conditions in the well deteriorated rapidly and multiple attempts at open hole logging by wireline and tough logging conditions equipment failed. Ultimately the decision was taken to terminate further efforts and suspend the well.

Circle Oil has been granted a six month extension to the Mahdia permit to January 2015. It then has the right to elect for two additional renewals of the permit for 3 years each with a commitment of one well per period.

Commenting on the results of the EMD-1 well Prof. Chris Green, CEO, said:

"We are extremely pleased to add this potential large discovery to our portfolio in Tunisia. It is unfortunate that the hole conditions became untenable so quickly and we were unable to conduct a full log evaluation of the hydrocarbon column in the well. Nevertheless we intend to take our appraisal effort forward on the Mahdia Permit as quickly as possible following this proof of the El Mediouni petroleum accumulation and will provide further updates of our plans in due course. We look forward to working with ETAP on the next stage of this project."

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Glossary

MMBO	Million Barrels of Oil
ETAP	Entreprise Tunisienne d'Activités Pétrolières
CaCO ₃	Calcium carbonate
Lost circulation material	Substances (e.g. shedded bark, nut husks, mica flakes) added to the drilling fluids to prevent further fluid losses to the formation
MD	Measured Depth
TD	Total Depth
Tough Logging Conditions equipment	Drill pipe conveyed logging tools

In accordance with the guidelines of the AIM Market of the London Stock Exchange, Dr Stuart Harker, VP Geology, with over 40 years experience, is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies, who has reviewed and approved the technical information contained in this announcement. Dr. Harker holds a BSc (Hons) in Geology from the University of London (UK) and an MSc and PhD from the University of Saskatchewan, Canada. He is also a Fellow of the Geological Society of London and a Chartered Geologist.

Notes to Editors

Circle Oil Plc (AIM: COP) is an international oil & gas exploration, development and production Company holding a portfolio of assets in Morocco, Tunisia, Oman, and Egypt with a combination of low-risk, near-term production, and significant upside exploration potential. The Company listed on AIM in October 2004.

Internationally, the Company has continued to expand its portfolio over the past years and now has assets in the Rharb Basin, Morocco; the Ras Marmour Permit in southern Tunisia; the Mahdia Permit offshore Tunisia, and the Zeit Bay area of Egypt. Circle also has the largest licensed acreage of any company in Oman. In addition to its prospective Block 52 offshore, Circle has an ongoing exploration programme in Block 49 onshore.

Circle's strategy is to locate and secure additional licences in prospective hydrocarbon provinces and, through targeted investment programmes, monetise the value in those assets for the benefit of shareholders. This could be achieved through farm-outs to selected partners who would then invest in and continue the development of the asset into production, or Circle may opt to use its own expertise to appraise reserves and bring assets into production, generating sustained cash flow for further investment.

Further information on Circle is available on its website at www.circleoil.net.

This information is provided by RNS
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