

**Serica Energy plc**  
**("Serica" or the "Company")**

**Operations Update**

**London, 20 July 2022** - Serica Energy plc (AIM: SQZ), a British independent upstream oil and gas company with operations centred on the UK North Sea and over 85% gas production, is pleased to provide the following operations update.

**Mitch Flegg, Chief Executive of Serica Energy, commented:**

"I am delighted with the significant progress that Serica has continued to make during 2022. The impact of the substantial investment programmes undertaken in the last three years has seen increased production levels providing responsibly sourced gas to the UK domestic market, protecting security of supply, and reducing the UK's reliance on imports as part of the transition to a lower carbon future.

Commodity prices have been exceptionally strong during the period with a resulting positive impact on income.

Serica has no debt, limited decommissioning liabilities and with growing cash reserves is well positioned to continue to invest in further projects and other opportunities to add shareholder value. We have just completed a well intervention campaign on Bruce that has boosted net production by over 3,000 boe/d and provides further evidence of the value in Serica's assets that can be realised through measured and expert operatorship.

Operations have also commenced on the North Eigg exploration well with potential for transformational results, while we are now accelerating further well intervention work on Bruce and Keith following the success of the recently completed campaign."

**Bruce Field Well Interventions**

Serica's first ever Light Well Intervention Vessel ("LWIV") campaign has concluded without any safety incidents or environmental issues. This campaign is part of our ongoing programme to add value and extend the life of our Bruce facilities.

The initial well (Bruce M1) was re-entered for the first time since 1998. After a successful scale removal and water shutoff, a significant reperforation and new perforation campaign was executed and the well returned to production. Production rates from the well have increased from around 400 boe/d before intervention to over 1,800 boe/d in July 2022.

A similar programme was followed on the second well (Bruce M4) and production rates for the well have been increased from around 450 boe/d to over 2,400 boe/d.

The results from these two wells are at the upper end of the range of expectations and it is expected that there will be an uplift to our independently assessed reserves. This programme has increased confidence that further uplift can be achieved from future well interventions. Capital investment in the Bruce and Keith fields qualifies for investment relief under the recently announced Energy Profits Levy.

Plans to perform similar interventions on other Bruce and Keith wells, both subsea and from the platform, are now being accelerated.

## North Eigg

Operations have commenced on the high-impact and potentially transformational North Eigg exploration well. This gas prospect is located close to Serica's operated fields and infrastructure and is estimated to contain 60mmboe (P50) and potentially over 236 mmboe (P10) of recoverable resources (both unrisked). It shares many geological similarities with the adjacent Rhum field. It is clearly defined on 3D seismic which is interpreted as a structural trap sealed against the East Shetland bounding fault.

The well is being drilled by the Transocean Paul B. Loyd Jr. harsh environment semi-submersible drilling rig with results expected in October 2022.

If successful, the development scheme could be via a tie-back to the nearby Serica operated and 98% owned Bruce facilities. Tying back to Bruce would minimise development emissions, reduce overall carbon intensity of the Bruce facilities and extend infrastructure life.

## Columbus

Earlier this month Columbus reached the milestone of having produced one million barrels of oil equivalent gross. Although production rates have been lower than anticipated, the field continues to benefit from strong commodity prices.

## 2022 Production

Production performance in 2022 is benefitting from the significant investment in the Rhum R3 well reintervention, the Columbus development project and now the LWIV campaign. Serica's average net production in July has averaged over 29,150 boe/d and YTD average net production is 26,832 boe/d. Over 85% of our net production is gas.

2022 Full Year production guidance remains unchanged at between 26,000 and 30,000 boe/d. This guidance includes the impact of the planned summer shutdown season when key maintenance will be performed on Serica's producing assets.

## Commodity Prices and Hedging

Commodity prices, particularly gas, have continued to be highly volatile but realised prices have remained strong. Benchmark NBP and Brent prices have been as follows:

|                | Jan 22 | Feb 22 | Mar 22 | Apr 22 | May 22 | Jun 22 | Jul 22<br>to date |
|----------------|--------|--------|--------|--------|--------|--------|-------------------|
| Gas (p/therm)  | 191.0  | 185.8  | 296.6  | 167.5  | 88.3   | 124.8  | 191.8             |
| Oil (US\$/bbl) | 86.5   | 97.1   | 117.2  | 104.6  | 113.3  | 122.2  | 114.6             |

The 2022 YTD gas price has averaged 177p/therm which is significantly higher than the 2021 full year average of around 113p/therm. This is before the impact of price hedging.

Serica continues to maintain a modest gas price hedging programme with approximately 25% of gas and liquids production covered in the first half of 2022 dropping to around 20% in the second half, thereby allowing the company to benefit from full market prices on some 80% of its gas and liquids production. No new gas hedges have been added for the past year.

## Regulatory

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

The technical information contained in the announcement has been reviewed and approved by Fergus Jenkins, VP Technical at Serica Energy plc. Mr. Jenkins (MEng in Petroleum Engineering from Heriot-Watt University, Edinburgh) is a Chartered Engineer with over 25 years of experience in oil & gas exploration, development and production and is a member of the Institute of Materials, Minerals and Mining (IOM3) and the Society of Petroleum Engineers (SPE).

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## NOTES TO EDITORS

Serica Energy is a British independent oil and gas exploration and production company with a portfolio of UKCS assets.

Serica is the operator of the producing Bruce, Keith and Rhum fields in the UK Northern North Sea, holding interests of 98%, 100% and 50% respectively, and holds a 50% operated interest in the producing Columbus field in the UK Central North Sea. Serica also holds an 18% non-operated interest in the producing Erskine field in the UK Central North Sea.

Over 85% of Serica's production is natural gas, a key element in the UK's energy transition.

Further information on the Company can be found at [www.serica-energy.com](http://www.serica-energy.com).

The Company's shares are traded on the AIM market of the London Stock Exchange under the ticker SQZ and the Company is a designated foreign issuer on the TSX. To receive Company news releases via email, please subscribe via the Company website.