

# Serica Energy plc (“Serica” or the “Company”)

## Erskine Field Update

**London, 24 April 2018** – Serica Energy plc (AIM: SQZ), an independent oil and gas company with production, development and exploration licence interests in the UK North Sea and exploration interests in Ireland and Namibia, hereby provides the following update on the interruption to production at the Erskine field.

As announced on 22 January 2018, during cleaning operations a blockage occurred on the Lomond to Everest pipeline, through which Erskine condensate is exported to market. This caused Erskine field production to be shut-in. The blockage is believed to be due to a deposit of wax in the pipeline. Chrysaor Limited, the Operator of this pipeline, has been attempting to resolve this problem but has been unable to achieve a significant breakthrough. Therefore, the decision has been made to cease clearance operations and instead concentrate on accelerating the pipeline bypass programme and on running an extended maintenance programme.

Plans to lay a new 26km length of pipeline to bypass the zone affected by wax deposits have been progressing. An order was placed with the pipeline manufacturers in February and a route survey has been completed. Approvals for the work from the authorities are expected in July and construction is scheduled for August, with production restart expected in September. Once laid, a proactive cleaning programme will commence in order to maintain the pipeline through high frequency pigging.

As a significant maintenance programme was already planned for this summer, the Lomond operator has taken this opportunity to extend this, performing further, pre-emptive maintenance on the platform whilst it is hydrocarbon free. From 1 May, work will commence to reduce the backlog of maintenance work as well as perform inspections and replace and repair key equipment. This work is designed to improve future performance of the facilities, reducing production interruptions and reducing the length of future shut-downs in the coming years.

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

*"While we are disappointed that efforts by the Lomond field operator to clear wax from the Lomond condensate export line have not been successful we are pleased that plans to achieve a permanent solution for this recurring problem are progressing well.*

*The operator is taking the opportunity to perform significant extra maintenance work during the planned 2018 Lomond shutdown. This should lead to improved performance later this year and in future years to the long-term benefit of the Erskine field. Although this is expected to extend the Erskine shut in to September, there was no certainty that the clearance work would have been successful but would have still incurred additional ongoing cost. We have the benefit of a strong balance sheet which enables us to fund our share of the pipeline bypass during this period without Erskine production revenues.*

*One of the key reasons for Serica's acquisition of BP's interests in the producing Bruce, Keith and Rhum ("BKR") fields is to diversify Serica's production. The BKR transaction is effective from 1 January 2018 with Serica deriving full benefit from that date. BKR production is unaffected by the Lomond to Everest pipeline problems. The transaction is due to complete late in Q3 this year."*

### **Technical Information**

The technical information contained in the announcement has been reviewed and approved by Clara Altobell, VP Technical at Serica Energy plc. Clara Altobell (MSc in Petroleum Engineering from Imperial

College, London) has over 20 years of experience in oil & gas exploration, production and development and is a member of the Society of Petroleum Engineers (SPE) and the Petroleum Exploration Society of Great Britain (PESGB).

## Regulatory

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

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### NOTES TO EDITORS

Serica Energy is an oil and gas exploration and production company with exploration, development and production assets in the UK and exploration interests in the Atlantic margins offshore Ireland, and Namibia. Serica holds an 18% non-operated interest in the Erskine field in the UK Central North Sea.

In November 2017 Serica announced the proposed acquisition of BP's interests in the Bruce, Keith and Rhum fields in the North Sea and associated infrastructure. Under the terms of proposed acquisition Serica will acquire a 36% interest in Bruce, a 34.83% interest in Keith and a 50% interest in Rhum (collectively the "BKR Assets"). The deal has an effective date of 1 January 2018 and completion of acquisition is expected to take place in the third quarter of 2018.

Further information on the Company and the proposed acquisition of the BKR Assets can be found at [www.serica-energy.com](http://www.serica-energy.com).

The Company is listed on the AIM market of the London Stock Exchange under the ticker SQZ and is a designated foreign issuer on the TSX. To receive Company news releases via email, please contact [serica@instinctif.com](mailto:serica@instinctif.com) and specify "Serica press releases" in the subject line.