

Media Release  
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Zeta Petroleum plc / Index: ASX / Epic: ZTA / Sector: Oil & Gas  
**Zeta Petroleum plc ('Zeta' or 'the Company')**  
**Quarterly Activities Review – Period Ended 31 December 2013**

Zeta Petroleum plc, the ASX listed Romanian focused oil and gas exploration and production company provides its quarterly activities review for the period ended 31 December 2013.

**Highlights:**

**Suceava – Gas production, development and exploration  
(50% Zeta, 50% Raffles Energy - Operator)**

- Production at Climauti gas field continued to generate net revenues to Zeta during the quarter. Production was variable during the quarter. This was due to a pump failure at the gathering station which led to a reduced throughput capacity, this problem was addressed and production has now stabilised at 12,500m<sup>3</sup>/day
- Production in 2013 was 4.45 million Sm<sup>3</sup> and followed a normal declining rate. The forecast production for 2013 was 3.6 million Sm<sup>3</sup>
- Gas to power equipment selection process undertaken to monetise Dornesti Sud-1 gas discovery - contract signed for a CAT CG170 gas generator in December
- First electricity production from Dornesti Sud-1 expected in early H2 2014
- Technical Data exchange continues with Chevron Romania Exploration and Production SRL in accordance with the data sharing agreement signed in April 2013
- Lodged 2014 work programme with Romanian authorities

**Jimbolia – Oil appraisal, development and exploration  
(39% Zeta, 51% NIS Petrol SRL - Operator, 10% Armax)**

- Completed testing operations of four intervals at Jimbolia-100 well
- Third and fourth intervals flowed naturally to surface during co-mingled testing with flow rates of 21 barrels per day
- Analysis of test results indicated the well has additional shallower gas sand intervals which are intended to be tested in early 2014
- Lodged 2014 work programme with Romanian authorities



### **Bobocu – Gas development and production**

#### **(100% owned and operated by Zeta)**

- Discussions on-going with potential partners to finance drilling of a sidetrack of the Bobocu 310 well to bring previously producing gas field back into production

### **Grivita Nord – Oil development**

#### **(agreement to acquire 100% of concession)**

- We are awaiting title transfer approval on the concession from NAMR

### **Other activities**

- Continually assessing other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance Zeta's current portfolio

Zeta Petroleum plc Managing Director Bogdan Popescu said, *“Our strategy is to acquire and develop concessions in Romania and other Eastern European countries, where either previous discoveries await appraisal and development or where there has been previous production.*

*With this in mind, we are delighted to have reported during the quarter under review, on the Jimbolia concession, naturally flowing condensate and gas during co-mingled testing of the third and fourth intervals at the Jimbolia-100 well and identification of additional gas bearing sands. The 2014 work programme, which focuses on monetising the value that has been identified at Jimbolia, has been lodged with the Romanian authorities.*

*In the meantime, production from the Climauti Gas Field on the Suceava concession continues to generate revenues for the Company. We are on course to materially increase production at Suceava in 2014 by bringing Dornesti Sud-1, the first of two stranded gas discoveries into production. During the quarter we selected and secured a gas generator and we anticipate first electricity production at Dornesti Sud-1 in early H2 2014.*

*With new production coming on stream, a number of work programmes for the year ahead being finalised across our portfolio of Romanian concessions, and farm-in discussions advancing at our 100% owned Bobocu licence, 2014 is set to be an exciting year for Zeta.”*



## **Full Details:**

### **Suceava (50% Zeta, 50% Raffles Energy (Operator)):**

The 2,403sq km Suceava concession is located on the Moldavian Platform, approximately 370 km north of Bucharest and is contiguous to the Chevron owned Barlad concession. The Suceava concession includes the producing Climauti Gas Field.

#### ***Existing Gas Discovery Wells***

Existing discovery wells flowed commercial rates of gas in tests: the SE-1 drilled in 2005, tested at a stable rate of 25,500 m<sup>3</sup>/day (peak rate in excess of 33,000 m<sup>3</sup>/day) and the Dornesti Sud-1, which was drilled in 2007, tested at 24,000 m<sup>3</sup>/day. The Dornesti Sud-1 well was re-entered and production tests carried out by the current consortium in June 2013. During production testing, the Dornesti Sud-1 well tested at 26,000m<sup>3</sup>/day, a rate which confirms that it can be commercially developed. The well has now been suspended ready for production.

In Q3 2013, Zeta and Raffles Energy completed a feasibility study on how best to bring the Dornesti Sud-1 well into production, concluding that gas-to-power is the best option. During the quarter, a CAT CG170 gas generator was chosen in an equipment selection process and a supply and maintenance contract was signed with CAT (Eneria). It is expected that first electricity production will commence early in H2 2014.

The second existing and suspended discovery well, the SE-1 well, will also be examined after production has been established at the Dornesti Sud-1 well.

#### ***Climauti Gas Field***

During the quarter the Climauti gas field continued to generate net revenue to Zeta in line with forecast. Production was temporarily reduced due to a pump failure at the gathering station. This problem was addressed and production then stabilised at 12,500m<sup>3</sup>/day

#### ***Data Sharing Agreement with Chevron***

The data sharing agreement with Chevron Romania Exploration and Production SRL ('Chevron'), a subsidiary of Chevron Corporation (NYSE: CVX), was approved by



the regulator, the National Agency for Minerals and Resources in April 2013. In Q3 2013, Zeta and Raffles Energy set up reciprocal data rooms with Chevron and the exchange of data commenced.

The data exchange agreement covers the exchange of well data and similar information relating to the Suceava concession and the adjoining 6,284 sq km Chevron-operated Barlad concession.

The agreement gives the relevant parties access to certain data on each concession including historic well and seismic data. The Suceava concession lies contiguous to the north west of the Barlad concession.



Figure 1 - Location of Suceava and Barlad Concessions

Zeta, alongside Raffles, will evaluate existing data for the Barlad concession with a view to identifying shallow conventional hydrocarbon targets in the area. The Barlad concession lies adjacent to the Roman-Secuieni gas field operated by Romgaz, one of the largest commercial gas fields in Romania. Between 1970 and 1980, approximately 85 exploration wells were drilled on the Barlad concession; many of these wells show indications for the presence of gas in Sarmatian and Badenian clastic reservoirs. In addition, numerous vintage 2D seismic survey lines were carried out with multiple structures identified.

**Jimbolia (39% Zeta, 51% NIS Petrol SRL (Operator), 10% Armax):**

The Jimbolia Concession is located in the proven and producing eastern part of the Pannonian Basin and consists of two discoveries, Jimbolia Veche and Jimbolia Vest.



### ***Jimbolia Veche Discovery***

The Jimbolia-100 appraisal well was drilled to its target depth of 2,590 metres on 21 February 2013 and the drilling logs acquired from the well indicated the presence of hydrocarbons in multiple sands, which were consistent with the two previous discovery wells drilled on the concession: Jimbolia-1 and Jimbolia-6 . The Operator advised that four targets in the well were identified to be perforated and tested.

In October 2013, the Operator informed Zeta that both the third (2,533-2,536m) and fourth (2,522-2,526m) intervals naturally flowed condensate and gas during testing with maximum co-mingled flow rates of 21 barrels per day of condensate and 67,435m<sup>3</sup> per day of gas (with a high CO<sub>2</sub> content). The well has been suspended pending approval from the Romanian authorities to test additional gas bearing sands in 2014.

The Jimbolia-100 well targeted the Jimbolia Veche discovery, which has a current Pmean contingent oil resource of 1.72MMbbls. Previous drilling by Petrom in 1983 identified the Pliocene VIII as an oil reservoir with a gas cap. This was penetrated by two wells, the Jimbolia-1, which flowed at rates up to 120 bbls/day and tested at a sustained rate of 50 bbls/day for 6 days and Jimbolia-6, in which tests indicate an oil leg with an oil density of 780kg/m<sup>3</sup> (50° API).

### ***Jimbolia Vest Discovery***

On a wider basis, the Board believes there is additional potential in the Jimbolia Vest discovery which was tested, but not produced, over two intervals of the Lower Pliocene V reservoir, with the lower interval (16m) flowing 33% CO<sub>2</sub>, 61% CH<sub>4</sub> and condensate at rates of 196Mscf/d, and the upper interval (8m) testing gas (no flow rate details available). Our partner NIS is currently producing from the Serbian extension of this field, Srpska Crna Field.



**Bobocu (100% owned and operated):**

The Bobocu Gas Field previously produced from 1977 until it was abandoned in 1995. Bobocu is located approximately 20km northeast of Buzau and 110km northeast of Bucharest.

***Bobocu-310 Well***

During the drilling of the Bobocu 310 well in 2012 multiple gas shows were encountered and the wireline logs indicated gas bearing reservoir. Initial testing of the well did not yield commercial gas and it was decided to suspend the well in September 2012, pending further analysis.

The downhole well logs and pressure data from the Bobocu 310 well have been analysed and evaluated, and the results have been incorporated into the field's existing geological model, which includes 75 sq km of 3-D seismic.

In addition to the evaluation work on the Bobocu 310 well data, the 3-D seismic acquired over the field by the Company in 2010 was reprocessed using seismic inversion to improve its resolution by utilising the shear sonic log acquired in the Bobocu 310 well. This has further improved the accuracy of the Bobocu field geological model.

***Sidetrack Well***

Further to the extensive evaluation of the Bobocu 310 well results and the acquired logs, it is the Company's intention, subject to finance, to sidetrack a well from the existing Bobocu 310 well location targeting an up-dip area approximately 500 metres south of the existing well location.

Although the initial testing of the Bobocu 310 well did not yield commercial gas, the intention remains to bring this field back into production by initially drilling a sidetrack well followed by new development wells. The Company believes that the Bobocu field is prospective and will pursue suitable avenues from which to advance its exploitation. With 100% control of the Bobocu field, there are various development options available and discussions are on-going with potential re-development farm-in partners.



### **Grivita Nord (agreement to acquire 100% of concession)**

In July 2013 the Company announced that it had acquired 100% of the issued capital of Celtique Energie SRL (“Celtique”), a Romanian company that has a 100% interest in the previously producing Grivita Nord oil concession. The acquisition involved a minimal upfront payment with deferred consideration payable by Zeta based on cumulative oil production. Zeta is currently awaiting NAMR to approve title transfer to record Celtique as 100% owner of the concession.

The Grivita Nord concession is located onshore in eastern Romania, covers an area of 3.45km<sup>2</sup> and has previously produced, from 1979 to 2005, a cumulative total of 763,457 barrels of 37° API oil from two separate structures: the Northern Structure and the Southern Structure. A total of 14 wells were drilled in the concession area, seven wells in the Northern Structure and seven wells in the Southern Structure.

New mapping of the Southern Structure suggests only the south-west portion of the structure has been developed leaving a large unswept area with the potential for a new well to be optimally placed in a crestal location to recover the remaining reserves. P50 reserves (unaudited) for the Southern Structure are estimated to be 448,000 barrels of oil with an unrisksed NPV<sub>10</sub> of US\$25.55 million, and initial production rates of 760 barrels of oil per day from one development well.

Zeta intends, subject to finance, to drill a development well to a depth of 2,000 metres into a crestal location on the Southern Structure and bring the field back into production.

<b>Grivita Nord Concession NPV<sub>10</sub> (unrisksed)</b>			
	<b>P90</b>	<b>P50</b>	<b>P10</b>
<b>Recoverable Reserves (unaudited)</b>	209,000 bbls	447,620 bbls	899,430 bbls
<b>Net Present Value (10% discount rate)</b>	US\$8.93 million	US\$25.55 million	US\$53.69 million

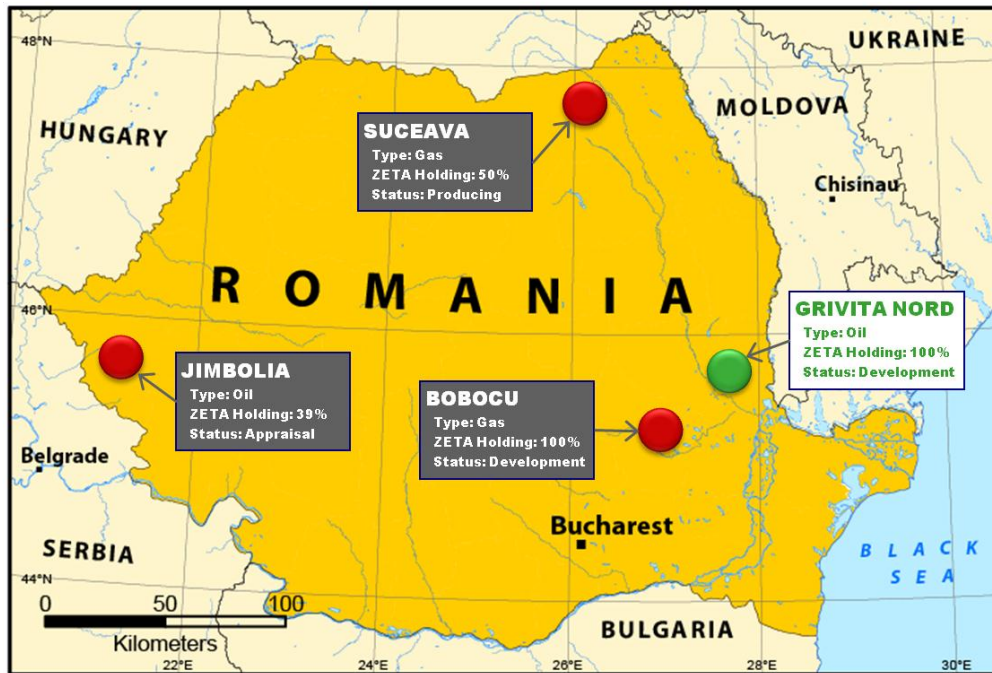


Figure 2 - Location of Grivita Nord and Existing Zeta Concessions

## Other Opportunities

In line with its strategy, the Company continues to assess other onshore oil and gas opportunities within Romania and Eastern Europe that may complement and enhance the current portfolio. With an experienced team and an exciting platform of assets, the Company believes that it is ideally positioned to capitalise on a number of regional opportunities. This is particularly relevant with the increasing issues of energy security translating into countries being keen to develop their own energy sources.

**\*\*ENDS\*\***

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