

# Aurelian Oil & Gas PLC

## ("Aurelian" or "the Company")

### Poland and Bulgaria Operational Update

Aurelian, the European focussed E&P Company, is pleased to provide the following operational update.

#### Highlights

##### Poland

- **First Siekierki Multi Fracced Horizontal Well Trzek-2**
  - Trzek-2 wireline logs and cores confirm larger gas column, better porosity, improved gas concentration and a zone of better permeability compared to Trzek-1
  - Horizontal sidetrack drilling has commenced
  - Frac and flow test to complete during December 2010 in line with planned well schedule and budget
  
- **First Bieszczady well spudded on 14<sup>th</sup> October 2010**
  - Well targeting prospective resources of up to 100 million barrels (gross) of oil in Carpathian Thrust Fold Belt Core Area
  - On schedule spud date achieved, results expected in Q1 2011
  - 300 km, 2D seismic survey underway, increasing block coverage to circa 40%

##### Bulgaria

- **Shkorpilovtci South West R-01 exploration well spudded on 17<sup>th</sup> October 2010**
  - Well targeting prospective resources of 20-30 bcf (gross)
  - Results available in early November 2010

#### Rowen Bainbridge, Chief Executive commented:

***"We are pleased with the coring results from Trzek-2 confirming a 100.4 metre gas column and indicating both improved reservoir porosity and permeability, which further de-risks our Siekierki Tight Gas Project and vindicates the Company's internal technical methodology for predicting 'sweet spots' in the reservoir. The pilot section of Trzek-2 was drilled 14 days faster than Trzek-1 and it is encouraging that the two wells drilled by Aurelian have both identified areas of the reservoir with better properties than the four wells drilled between 1973 and 1985.***

***We are also pleased that the horizontal sidetrack on Trzek-2, the spud of our Carpathian Thrust Fold Belt well at Bieszczady and the spud of the second exploration well in Bulgaria have all commenced on schedule."***

**19<sup>th</sup> October 2010**

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**Poland****First Siekierki Multi Fraced Horizontal Well Trzek-2 commences horizontal sidetrack and provides core data with improved reservoir properties**

Aurelian is pleased to announce that the pilot section of the Trzek-2 well in its Siekierki Tight Gas project has now been completed and the sidetrack to drill the horizontal section has commenced. The pilot was drilled to obtain vertical control of the well and information on reservoir properties. Two cores were obtained in the gas bearing section and pressure data and wireline logs were obtained across the Rotliegendes to total depth at 4079m.

Analysis of the data shows improved reservoir properties compared to Trzek-1 and other wells drilled in the Siekierki structure. Summary parameters are gas column 100.4m (Trzek-1 - 91m) net reservoir within gas column 94% (Trzek-1 - 88%), maximum porosity 18.4% (Trzek-1 - 16.2%) average porosity 11.5% (Trzek-1 - 9.5%) gas saturation at top reservoir 69.9% (Trzek-1 - 66.5%). In addition, although most of the section is tight as expected, a zone of better permeability has also been encountered close to the base of the gas column. This zone is expected to thin and rise towards the centre of the column to coincide with the location of the planned horizontal well.

The sidetrack is planned to encounter the Rotliegendes 300m from the current well and to drill up to 1500m horizontally in the reservoir. Current plans call for Halliburton to undertake a 10 stage hydraulic fracture along the wellbore but this is subject to revision on the basis of data to be obtained during the drilling of the horizontal sidetrack.

It is envisaged that the Trzek-2 Frac and Flow Test will be completed during December, in line with our original schedule and budget of €18.2 million.

The Siekierki project is located on the Poznan licences which are 100% held by Energia Zachod Sp. z.o.o., a company owned 90% by Aurelian and 10% by Avobone N.V.

**First Bieszczady well targeting up to 100 million barrels (gross) of oil in Carpathian Thrust Fold Belt Core Area spuds on schedule on the 14th of October 2010**

The Bieszczady partner group is pleased to announce that the first well of a three well programme in its Bieszczady block in the Carpathian Thrust Fold Belt has spudded on schedule on Thursday the 14th of October 2010. The well will target an oil prospect of up to 100 million barrels (gross) and

results are expected in Q1 2011. A number of reservoirs, all of which are proven producers in the region, are being targeted by this well and the primary prospect will be drilled to a maximum depth of around 4800 m. There are several other similar sized prospects on trend which would be derisked in the event of a successful outcome of this first well. Using existing 2D seismic data which covers approximately 20% of the block area, prospects totalling up to 680 million barrels of unrisks prospective resources have been mapped. A further 300 km of 2D seismic is currently being acquired on the licence which will take block coverage to approximately 40%. This survey is being shot to the north and east of the existing 2D covered area and interpreted in Q1/Q2 2011.

Interests in Bieszczady are Polskie Gornictwo Naftowe i Gazownictwo (51%) (Operator), Energia Bieszczady Sp. z o.o. (25%) (a 100% subsidiary of Aurelian Oil and Gas Poland Sp. z o.o.) and Eurogas Polska Sp. z o.o. (24%).

Bulgaria

### **Shkorpilovtci South West R-01 exploration well spudded on the 17<sup>th</sup> October 2010**

JKX Oil & Gas plc, the operator, has announced that the Shkorpilovtci South West R-01 exploration well in east Bulgaria has spudded successfully on Sunday 17<sup>th</sup> October 2010. The well will test an amplitude supported channel sand complex of Late Eocene age. Results from the well, which will drill to a TD of 875m, are expected in early November. Prospective resources for this feature are estimated at 20-30 bcf (gross).

The percentages in the block are JKX (Bulgaria) Limited 40% (Operator), Balkan Explorers (Bulgaria) Limited (a 100% subsidiary of Aurelian Oil and Gas PLC) 30% and Sorgenia E&P Bulgaria EOOD 30%.

*The technical information and opinions contained in this announcement have been reviewed by Roy Hartley B.Sc (Hons) (Imperial College), FEI, FGS, C. Eng, Aurelian's Operations Director who has 40 years of experience in the oil exploration and production industry. He has consented to the inclusion herein of such technical information and opinions.*

#### **GLOSSARY**

bcf	billon cubic feet of gas
bbls	barrels
m	metres