Relinquishment Report

Licences
P.1722 (Blocks 22/3b and 22/4b)

BG International Ltd (Operator): 45.0%,
KMGEP UK Ltd (35.0%), Maersk Oil North Sea UK Ltd (20.0%)

BG International Limited
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1 LICENCE INFORMATION

| Licence Number: | P.1178      | P.1722      |
| Round and Award Date: | 22nd Round, 2004.12.01 | 2009.11.10 |
| Licence Type: | Traditional | Traditional |
| Blocks(s): | 22/3b, 22/4b, 22/8b | 22/3b, 22/4b |
| Equity Holding: | BG International Ltd – operator (50%) Apache North Sea Ltd (50%) | BG International Ltd – operator (100%) |

Work Programme Summary:

<table>
<thead>
<tr>
<th>Firm commitment</th>
<th>Contingent commitment</th>
<th>Drill-or-drop commitment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Within one year of the beginning of the Initial Term, the Licensee shall obtain 410km² of 3D seismic data. The Licensee shall carry out geophysical modelling studies on 2D seismic data.</td>
<td>The Licensee shall carry out rock physics and basin modelling studies; provided that he shall not be required to do so if the Minister confirms in writing that he agrees that it would not be justified, having regard to the technical information available to him at the time.</td>
<td>The Licensee shall drill one well to a depth of 5900m or 30m into the Pentland Formation, whichever is the shallower.</td>
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2 Licence Synopsis

The P1722 traditional licence is for blocks 22/3b and 22/4b and was a re-issue of the original 22nd Round P1178 licence following a 50% area relinquishment and two licence extensions granted by DECC in 2009.

Licence P.1178 was awarded to BG International Ltd and Apache North Sea Ltd on 14th September 2004 through the 22nd UK licensing round for blocks 22/3b, 22/4b and 22/8b. At the end of the initial 4 year term 50% of the acreage was relinquished. In 2009 the licence was transferred to P.1722 (Figure 1), awarded on 27th August, with exit of Apache North Sea Ltd and the remaining equity taken up by BG International Ltd. On 27th August 2010 KPMGEP UK Ltd farmed into 35% equity. This was followed on 22 December 2010 by Maersk Oil North Sea Ltd taking on 20% equity.

Figure 1 Map of Licence P1722

At the time of application prospectivity was identified within Upper Jurassic shallow marine sands similar to those in the Drake, Hawkins and SW Seymour fields; with additional Lower Cretaceous prospectivity in similar sands to those found in the Britannia Field and Punt horizon.

The work programme carried out on the licence determined that the identified targets were not prospective and no further exploration opportunities have been identified. The P.1722 licence was relinquished on 27th November 2013.
3 WORK PROGRAMME SUMMARY

The outstanding work commitment on licence P.1722 was to drill one well to a depth of 5900m or 30m into the Pentland Formation, whichever is the shallower and was met by the 22/4b-6 well which spudded on 27th May 2012 and reached TD of 5936m MD completing operations on 30th November 2012 confirming no presence of target Fulmar Formation sands.

The post-well studies performed on the White Bear formation evaluation dataset have confirmed that the target Fulmar Formation sands penetrated on the basin margin in the 22/4b-5 Parry well did not prograde into the centre of the basin at the 22/4b-6 location. Jurassic Kimmeridgian turbidite sands were encountered in the well and have a residual hydrocarbon presence, however the sands are exceptionally tight as indicated by wireline logging results and confirmed by rotary sidewall core plug porosity and permeability analysis (Figure 2). Hydrocarbons were also encountered in the secondary target of the Lower Cretaceous Britannia turbidites but the poor net to gross of the sands and high water saturations support the post-well view that the hydrocarbons are residual – the post-well depth conversion eliminated the subtle trap identified pre-drill.

As a result of the post-well analysis performed on 22/4b-6 it is no longer believed that there is a working hydrocarbon system present at the primary target in the deep Jurassic of the central Fisher Bank Basin. The secondary prospective horizons identified pre-drill in the Lower Cretaceous, the Britannia and Punt turbidite sands are similarly not present (a number of limestone stringers were encountered at the Punt horizon).

![Figure 2 CPI of the Kimmeridgian turbidite based on Wireline data for 22/4b-6](image-url)
4 DATABASE

The data used in the analysis of licence P.1722 is shown in Figure 3.

![Figure 3 Well and Seismic data base](image)

5 PROSPECTIVITY UPDATE

5.1 Primary Target: Fulmar Formation

BGI sees no further prospectivity within the licence P.1722. The fulfilment of the work programme commitment as detailed disproved the pre-drill geological model (Figure 4). Post well analysis of the data concludes that the Fulmar deposition was restricted in the region of 22/9-5. As such all remaining prospective fault blocks within the licence are now considered non-prospective.
Figure 4 Pre-drill interpretation of the Fulmar Formation

It is now believed that the sediment delivered to the basin through hinterland drainage systems was accommodated in major through-going fault systems which generated the accommodation that defines the Oxfordian basin bathymetry. The shallow marine shelf and shoreface sedimentary systems become pinned to the major accommodation space developing thick, sand-rich, aggradational sedimentary packages. These packages never extended as far as the distal fault block locations and as such became sediment starved (Figure 5).

Figure 5 Post-drill depositional model
5.2 Secondary Target: Lower Cretaceous

The secondary prospective horizons identified pre-drill in the Lower Cretaceous, the Britannia and Punt Turbidite Sands respectively contain residual hydrocarbons (Figure 6), however turbidite sands are not present, with a number of limestone stringers instead encountered at the Punt horizon.

Figure 6 CPI of the Britannia Sandstone based on Wireline data for 22/4b-6

6 Further Technical Work Undertaken

Following completion of well 22/4b-6 the following post well geotechnical work was completed:

- VSP processing and revised depth conversion for the whole well stratigraphy
- Post-well high resolution seismic mapping using PaleoScan software of the pre-drill prospective horizons
- Revised sedimentological and sand depositional mapping
- Petrophysical core plug analysis
- Fluid inclusion analysis and source rock pyrolysis / vitrinite reflectance analysis
- XRF and Geochemical analysis of core plugs and cuttings
- High resolution Biostrat’ analysis and stratigraphy correlation
- Petrographic analysis, diagenetic modelling using Touchstone software

The outcome of the post well studies was confirmation of the poor quality of the Kimmeridgian turbidite sands penetrated in the well and lack of additional prospectivity in the remaining acreage.
7 RESOURCE AND RISK SUMMARY

Primary Jurassic HPHT prospectivity demonstrated to be ineffectual / absent. Secondary Cretaceous prospectivity demonstrated to be ineffectual. No other prospective horizons identified in this acreage.

<table>
<thead>
<tr>
<th>Name</th>
<th>Reservoir</th>
<th>Unrisked Recoverable Resources</th>
<th>Geological COS</th>
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<tbody>
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<td></td>
<td>Stratigraphic Level</td>
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</tr>
<tr>
<td></td>
<td></td>
<td>Oil (MMbbls)</td>
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<td></td>
<td>F90</td>
<td>F50</td>
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<tr>
<td>Secondary Cretaceous</td>
<td>Britannia Sst</td>
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<td>0</td>
</tr>
</tbody>
</table>

8 CLEARANCE

It is believed that no outstanding permissions are required to show the seismic data in Figures 3 and 4. All wells referred to are released and the work presented here has been approved for publication to the DECC.