

# CADOGAN PETROLEUM PLC

## SUCCESSFUL WELL TEST

Cadogan Petroleum plc is pleased to report the successful test of the Zagoryanske 3 well and its plans for production from the Upper Viséan, V-18 zone. Following a series of tests on the V-18 zone with various choke sizes, the well is now being prepared for commercial production. This is the first occasion that the V-18 horizon has proved commercial in the Zagoryanske field.

Cadogan has conducted a thorough commercial evaluation of this V-18 discovery and will tie-in the well to the nearby gas treatment facility and construct a pipeline to the CGTP Novotroisk main export line. First commercial production is planned to commence in August this year with initial rates, based on the Poltava Office of the Ukrainian State Geological Exploration Institute ("USGEI") report, expected to average around 35 mcm/day (1.2 million scf/day) gas and 15 t/day (120 bb day) condensate. In-house estimates for both gas and condensate are still being assessed but we are confident that higher flow rates could be sustained. Although the recently acquired 3D seismic data has only been partially interpreted and the extent of the specific V-18 reservoir has still to be fully mapped and confirmed, it is anticipated that additional wells will be required to fully exploit this accumulation.

The Zagoryanske 3 well was drilled to a TD of 5110m in late 2008 to assess the hydrocarbon potential of Carboniferous deposits, specifically from the Viséan and Tournasian. At this time the Tournasian (T1) and the lower Viséan (V-24-25) zones were tested with limited success and as a result the well was suspended. Later evaluation of the tests indicated that testing practices were flawed and that past results do not reflect the true potential of the Zagoryanske license. Earlier this year Zagoryanske 3 was re-entered with the objective of re-testing the well including the shallower Upper Viséan deposits (V-18).

A report on the testing program by the Poltava USGEI confirmed Cadogan's analysis of the test results and concluded that ***"well tests on various choke sizes did not affect the flow parameters and this indicates sufficient thickness of the deposit and presence of the necessary connection with the reservoir"***. The reservoir also contains a significant amount of condensate (up to 280 g/m<sup>3</sup> or 100 bb/mmscf) with high content of light petroleum products (up to 80%).

Although current focus is on the V-18 discovery, the report from the USGEI also points out that the previous unsuccessful tests on the T1, V-24 and V-25 zones could in fact become commercial with proper test procedures, with an appropriate completion string and series of stimulation treatments.

The Company's CEO, Ian Baron, stated "The success of this well test is very significant and points to the unrealized potential of Cadogan's assets. The recent report issued by the independent expert on reserves and resources did not attribute any reserves to the Zagoryanske license, but clearly they are present. The production revenue from the well will also make a valuable contribution to our operating costs in the months ahead".

Enquiries

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