



**22 October 2013**

**EnQuest acquires 50% of the Greater Kittiwake Area, close to Scolty/Crathes, potentially creating a new EnQuest development and production hub.**

EnQuest PLC ('EnQuest'), is pleased to announce an agreement to acquire the UKCS Greater Kittiwake area ('GKA') assets currently owned by Centrica North Sea Oil Limited ('Centrica'), as well as Centrica's 100% interest in the Kittiwake to Forties oil export pipeline. The agreements are subject to the normal regulatory and third party consents.

EnQuest will pay a base consideration of US \$39.9 million and will additionally assume net debt of US \$5.1 million, which is subject to certain working capital and other adjustments. Additionally EnQuest will pay a deferred consideration of US \$30 million, contingent on regulatory approval of a field development plan ('FDP') for the Scolty field and/or the Crathes field which includes a tie-back to the Kittiwake platform. Further contingent consideration may be payable, subject to future exploration success.

**Highlights**

- Acquisition of Centrica's entire 50% share of the Greater Kittiwake Area assets.
- Acquisition of Centrica's 100% interest in the Kittiwake to Forties oil export pipeline.
- Acquisition of 2P reserves of 4.7 Mmboe, as at the economic date of 1 January 2013.
- Acquisition of additional production; current net production from these GKA fields is c.2,000 Boepd
- Establishment of a potential new EnQuest hub; the GKA fields and Scolty and Crathes are all in close proximity.
- Facilitation and enhancement of EnQuest's proposed development of Scolty/Crathes, with an opportunity to tie-back to Kittiwake; the tie-back is subject to ongoing commercial discussions and partnership agreement between the owners of Scolty/Crathes and Kittiwake.

**EnQuest CEO Amjad Bseisu said:**

"I am delighted to announce our acquisition of these Greater Kittiwake Area assets, giving us an additional UK hub and adding 4.7 MMboe to our reserves. This acquisition fits within our goals of managing mature fields, and of exploiting nearby discoveries and near field exploration opportunities.

Our Scolty and Crathes discoveries are within the area and would benefit from a tie-back to Kittiwake. These opportunities would also allow for the extension of the GKA field life.

The transaction also provides infill drilling opportunities in the Greater Kittiwake Area fields and improves the potential from exploration opportunities, both in the GKA area and in our existing acreage nearby."

**Main details of assets being acquired:**

- The Greater Kittiwake Area is located in UKCS blocks 21/12a (licence P.073), 21/12d (P.1786), 21/17a (P.1415), 21/17c (P.1415), 21/18a (P.351) and 21/19 (P.238); it includes the Kittiwake, Mallard, Gadwall, Goosander and Grouse fields.
- The GKA fields have been developed as subsea tie-backs to a steel platform located at Kittiwake. This platform has an oil capacity of 29,000 Boepd and a water injection capacity of 57,000 Boepd.
- Water depth of 85-90m.
- Oil is exported via a 33 km 10" pipeline to the Forties Unity platform and then to shore at Cruden Bay via the Forties Pipeline system.

## Further consideration details:

The aggregate maximum consideration for all the assets being acquired:

- A base consideration of US \$39.75 million for the GKA assets subject to normal working capital and some other adjustments. This includes a downward only production adjustment of up to US \$7.1 million, from the base consideration, if the actual production from the Grouse and Mallard Fields during the period 1st August to 31st December 2013 falls below a specified volumetric threshold. The production from the Grouse and Mallard Fields is currently shut in for operational reasons.
- A base consideration of US \$107,000 for the acquisition of NSIP (GKA) Limited, which is the entity which owns the Kittiwake to Forties pipeline; this figure assumes working capital adjustment and repayment of an inter-company loan by EnQuest to NSIP Holdings/Centrica of US \$ 5.1 million at 1 January 2013..
- A total deferred consideration of US \$30 million, contingent upon Government approval of a field development plan in respect of the Scolty and/or Crathes offshore fields which incorporates a tie back of the Scolty and/or Crathes offshore fields to the Kittiwake platform.
- A further contingent consideration payable subject to future exploration success in two defined prospects in Block 21/19. A bonus will become payable upon Government approval of a field development plan in respect of such discoveries, and will be calculated on a sliding scale of zero to \$2.9 per barrel of proved and probable oil reserves defined in the relevant field development plan, up to a maximum aggregate amount payable of US \$100 million.

## Background note on Scolty/Crathes

- EnQuest has a 40% interest in each of the Scolty and Crathes discoveries; development planning continues on Scolty/Crathes and it is intended that an FDP will be submitted in 2014. A number of potential off-take routes for future Scolty/Crathes production have been identified, of which Kittiwake is a strong candidate. The future use of Kittiwake as an export route is subject to the successful conclusion of on-going commercial discussions between Scolty/Crathes and GKA owners.

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## Notes to editors

**EnQuest** is the largest UK independent producer in the UK North Sea. Oil and gas development and production company EnQuest PLC, trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. It is a constituent of the FTSE 250 index. Its assets include the Thistle, Deveron, Heather, Broom, West Don, Don Southwest and Conrie producing fields and the Alma and Galia development. At the end of H1 2013, EnQuest had interests in 33 production licences covering 45 blocks or part blocks in the UKCS, of which 25 licences are operated by EnQuest. In addition, EnQuest also has an interest in two blocks offshore in Sabah, Malaysia.

EnQuest believes that the UKCS represents a significant hydrocarbon basin in a low risk region, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities. [www.enquest.com](http://www.enquest.com)

**Forward looking statements:** This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, reserves, production, costs, revenues and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.