



**ASX/Media Release  
1 November 2017**

**Pantheon Resources Plc**

Argo Exploration Ltd (“Argo”; ASX Code ‘AXT’) would like to refer to the announcement by Pantheon Resources Plc (“Pantheon”) to the London Stock Exchange (AIM –Quoted) in relation to Operational Update.

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo’s investment in Pantheon is ~\$A6.4m as at the date of this announcement.

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30<sup>th</sup> October 2017

## **Pantheon Resources plc**

### **Operational Update**

Pantheon Resources plc (“Pantheon” or “the Company”), the AIM-quoted oil and gas exploration company with a working interest in several conventional projects in Tyler and Polk Counties, onshore East Texas, provides the following update:

#### **VOBM#4, Tyler County – wellbore sidetrack**

The Company is pleased to confirm that drilling operations have now commenced on the sidetrack of the VOBM#4 well, targeting the Wilcox formation, which was encountered while drilling the original VOBM#4 well. Operations are estimated to take a further 30 days on a trouble free basis, with testing to occur thereafter if warranted. Results will be reported at the conclusion of testing.

#### **Gas processing facilities, Polk County**

Assembly of the Kinder Morgan gas processing facility in Polk County is now complete. The operators of the main trunkline have indicated the second week of November 2017 as a likely time for sales gas flow into the pipeline.

#### **VOBM#2H, Polk County – flow testing operations**

Reservoir and fluid dynamic engineers have completed their analysis of the compromised wellbore and deviated geometry of the VOBM#2H well. Our well documented difficulties in drilling horizontally in the hard and abrasive Eagle Ford sandstone has resulted in a suboptimal wellbore completion which will impact the ability to maximize flow rates. The various bends and curves in the wellbore will most likely cause turbulence and back pressure effects in certain areas, masking the true potential of the location. Given the expected commissioning of the gas processing facility within the next fortnight, VOBM#2H will remain shut in until facility commissioning has been completed and the well can flow directly into the facility and pipeline. This will allow the Company to benefit from being able to sell (rather than flare) the tested natural gas, while saving the additional cost of testing equipment. The operator can then accurately test well production volumes directly into the gas processing facility. Results will be reported at the conclusion of those tests.

**Jay Cheatham, CEO, said:**

“I am very excited about the potential of the Wilcox reservoir on our acreage and in particular in this VOBM#4 sidetrack well. The Wilcox produced potentially significant hydrocarbons in the original wellbore, and has been a prolific producer in both Tyler and Polk Counties, although not in our immediate area. If successful, it has the potential to be material for our company, particularly given our increased 75% working interest in this well. I am also pleased with the progress to bring our Polk County production assets online in mid-November 2017, paving the way for first revenues thereafter. The decision to flow the VOBM#2H well directly into the gas processing facility is a prudent one allowing us to sell the tested hydrocarbons and minimise costs. The well logs for this well, and its location between the VOBM#1 and VOBM#3 wells, suggest that the VOBM#2H location is a very good one; our challenge is to maximise the well’s potential in this compromised wellbore.”