



**ASX/Media Release  
4 January 2018**

**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 Spudding of VOBM#5 and Operational Update.

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo’s investment in Pantheon is ~\$A6.0m as at the date of this announcement.

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03 January, 2018

## **Pantheon Resources plc**

### **Spudding of VOBM#5 and operational update**

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

#### **Spudding of VOBM#5, Polk County, 75% working interest**

Pantheon is pleased to announce that the Unit Petroleum Rig #319 rig has spudded the VOBM#5 well, onshore Polk County, in which Pantheon has a 75% working interest. The VOBM#5 well is a step out development well from the VOBM#1 well and will be drilled vertically to a depth of circa 14,500 feet, targeting the Eagle Ford/Woodbine sandstone formation.

Drilling operations are expected to take +/- 45 days on a trouble free basis and results from the well will be announced when drilling and, if appropriate, testing operations are complete. If successful this well can be hooked up into the existing Polk County gas processing facility rapidly after completion by laying a production line to the nearby VOBM#1 location.

#### **Polk County gas production, Tyler County, 58% working interest (70% until payout of certain costs)**

Gas production volumes from the Polk County gas processing facility are currently averaging circa 3,000 mcf/d. In line with initial testing, the VOBM#3 well has experienced variability in production volumes which is believed to result from the well being located towards the edge of the reservoir as previously announced. Analysis is currently underway and it is probable that the operator will perform an intervention, such as acidization, in order to increase flow rates further.

The VOBM#1 well has also experienced reduced flow rates through the narrow 12/64<sup>th</sup> inch choke, which has yet to be increased; however, both the flowing tubing pressure and the shut in tubing pressure responses remain excellent. The reduced flow rates are thought to be caused by possible lower permeability in the reservoir given that the bottom hole location is over 1,500 feet offset from the initial target. This is because the favourable log responses encountered in the pilot hole resulted in the well being completed vertically, in the pilot hole itself, rather than horizontally as planned. In the analogous Double A Wells field, wells with similar pressure characteristics to that of VOBM#1 have proved to be exceptional wells. Likewise, Double A Wells field wells in areas exhibiting lower permeability have responded extremely well to fracture stimulation procedures, which is a possible consideration for VOBM#1 once analysis is complete.

Given the extremely favourable log and pressure responses at VOBM#1, the Directors remain of the view that the resource potential for the West Double A mini basin remains unchanged, and that the potential remains for VOBM#1 to exceed P50 estimates.

## **VOBM#4 well testing update, Tyler County, 75% working interest**

As announced in December, three separate hydrocarbon bearing Wilcox zones were encountered during drilling, analogous to key wells in the Tyler and Hardin Counties' Jazz field. It is intended that each of these zones will be isolated and, if warranted, tested individually. One or more of these zones may require fracture stimulation, consistent with the treatment of the most comparable wells in the Jazz field. Detailed log and cross sectional analysis is currently underway with third party specialists across key Jazz field wells in order to determine the optimal techniques prior to the commencement of flow testing. Subject to this analysis and the availability of completion equipment and crews it is estimated that flow testing operations on VOBM#4 will occur in the coming weeks.

As previously announced, electric logs and natural gas shows encountered during the drilling of VOBM#4 indicated the presence of hydrocarbons in a potentially significant reservoir in the targeted Wilcox formation. As always however, whilst results from logging are highly encouraging, the significance of these results cannot be definitively assessed until flow testing operations have been undertaken.

### **Jay Cheatham, CEO, said:**

*"I am very pleased to have spudded VOBM#5, commencing our 2018 drilling campaign. This well is closer to the centre of the West Double A Wells mini-basin and, if successful, will add to existing production and cash flow. Given this location, I expect this to be an excellent well. I remind shareholders we have discovered commercial hydrocarbons in all six of our wells in two counties.*

*"The reduced production volumes through our Polk County gas plant aren't what we anticipated, but need to be better understood before we can make a more informative assessment of any implications. Certainly in the most important well, VOBM#1, I remain confident that this well should exceed our P50 estimates and be an extremely good well for us. The excellent pressure and log characteristics are indicative of a large reservoir. The decline was a surprise and could not have been foreseen, particularly given the promising flow test and log data, but could be an indicative characteristic of a tight reservoir in this location which would make sense given the wellbore is offset by some 1,500 feet from the intended target and is further away from the centre of the mini-basin. It is well documented that the Double A Wells field exhibited variability in reservoir quality, with many wells responding favourably to treatment, resulting in some fantastic well outcomes. Given we are still producing on a very narrow choke to better understand a possible treatment for this well, there is significant upside in the production volumes. It is too early to make a definitive assessment, however, early indications suggest a large but tight reservoir in this specific location. Consistent with experience at Double A Wells field, locations in the centre of the West Double A mini-basin should exhibit superior reservoir properties.*

"Our initial analysis of the Wilcox at our location in Tyler County appears to be similar to the Lower Wilcox production at the Jazz Field. Unit Petroleum has been very successful with their most recent wells based on the knowledge gained from drilling multiple wells. We hope to use that experience on VOBM#4."

-Ends-

**Further information:**

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For further information on Pantheon Resources plc, see the website at:  
[www.pantheonresources.com](http://www.pantheonresources.com)

In accordance with the AIM Rules - Note for Mining and Oil & Gas Companies - June 2009, the information contained in this announcement has been reviewed and signed off by Jay Cheatham, a qualified Chemical & Petroleum Engineer, who has over 40 years' relevant experience within the sector.

The information contained within this RNS is considered to be inside information prior to its release.

Neither the contents of the Company's website nor the contents of any website accessible from hyperlinks on the Company's website (or any other website) is incorporated into, or forms part of, this announcement.

**Glossary**

mcf/d thousand cubic feet per day

P50 denotes a best estimate scenario of Prospective Resources