

RNS Strategy/Company/Operations Update



## Operational Update, Alkaid #2 Well

### PANTHEON RESOURCES PLC

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### **Pantheon Resources plc** **Operational Update, Alkaid #2 Well**

Pantheon Resources plc ("Pantheon" or the "Company"), the AIM listed oil and gas company with a 100% working interest in all of its oil projects spanning c. 153,000 acres adjacent and near to transportation and pipeline infrastructure on the Alaska North Slope ("ANS"), is pleased to provide an update on the Alkaid #2 well.

#### **Alkaid #2 Well - Target Vertical Depth Reached**

- The Alkaid #2 pilot hole has now reached a total vertical depth of 8,584 feet ('ft'), with a measured depth of 8,950 ft, having encountered multiple oil bearing reservoirs in all three targeted formations in the well: (i) the Shelf Margin Deltaic, (ii) the Alkaid Anomaly, and (iii) the deeper, untested extension of the Alkaid Anomaly ("Alkaid Deep").
- Initial analysis indicates significant improvements in reservoir quality which could potentially lead to a material upgrade of the current resource for all targeted horizons.
- Analysis of data received to date confirms the Company's ability to accurately predict the presence of light oil bearing reservoirs using 3D seismic data, geological and geophysical capabilities, further enhancing confidence in development planning and expected outcomes.
- All reservoirs were encountered on prognosis at predicted depths with reservoir quality exceeding pre-drill expectations.
- Alkaid #2 confirms more than 1,400 ft of gross continuous oil bearing strata throughout the section drilled below the regional top seal at 7,165 ft down to at least the 8,584 ft total vertical depth. Under instruction from the Alaska Oil and Gas Conservation Commission (AOGCC), drilling was stopped at 8,584 ft, despite not having reached the bottom of the Alkaid Deep section, to allow a sufficient margin to avoid contact with the high pressure HRZ zone and possible fault.

#### **Shelf Margin Deltaic**

*Analysis confirms:*

- The northern extension of the Shelf Margin Deltaic ("SMD") horizon from Talitha in the south to northeast, across the Dalton Highway east of Alkaid #2.
- Net 272 ft oil bearing reservoir encountered which was thicker and of better reservoir quality than pre-drill estimates.

#### **Alkaid Anomaly**

##### *Analysis confirms:*

- Net 155 ft oil bearing reservoir encountered which confirms that the zone extends over the four mile distance between the Alkaid #1 and Alkaid #2 wells.
- Exceeded pre-drill expectation of reservoir thickness and quality.
- Detailed analysis of cuttings and sidewall cores is currently underway to help optimise the completion of the well and long term testing operations.

#### **Alkaid Deep**

- Drilled 300 ft deeper than Alkaid #1, all of which was oil bearing reservoir. Pantheon estimates the potential for an additional +/- 200 ft of oil bearing section below total depth ("TD").
- Reservoir quality encountered was better than prognosis.
- FMI analysis is currently underway which, once complete, will determine the net reservoir thickness.

#### **Ongoing Analysis**

- Sidewall coring has been completed throughout the oil bearing section and analysis is underway.
- Comprehensive Volatiles Analysis ("VAS") has commenced following the collection of sealed well samples every 10 ft throughout the entire target interval from 7,100 ft measured depth to total depth of c.8,950 ft.

The Company is now preparing to move up the wellbore for drilling of the horizontal section in the Alkaid Anomaly (primary objective), before casing, stimulating and ultimately flow testing the well. Pantheon believes that in a development scenario, future wells will be drilled with +/- 8,000 ft horizontal sections. However, this being the first well in the area, a more conservative approach will be taken with a shorter lateral simply to minimise operational risk. The Company expects to provide a further update to shareholders once the horizontal well has been drilled and cased, but prior to testing.

Pantheon is extremely encouraged by data received to date, however, as always, cautions that a definitive assessment of ultimate commerciality cannot be determined until flow testing has been undertaken.

#### **About Alkaid #2**

The Alkaid #2 well is located adjacent to the Dalton Highway and Trans Alaska Pipeline System (TAPS) which are the main transportation highway and export pipeline, respectively, and approximately 4.5 miles from the Alkaid #1 discovery well drilled in 2015.

A successful programme at Alkaid #2 would yield early cashflow of significant value at current oil prices. The Alkaid #2 horizontal well is Pantheon's first long term production test well in Alaska and will utilize unconventional oil production technologies applied to conventional oil reservoirs to maximize potential reserves and production. Additionally, the Greater Alkaid oil accumulation sits underneath and adjacent to the TAPS pipeline and the Dalton Highway which is a material financial and operational advantage to Pantheon as it is ideal for year-round "Phased Development". This would minimize upfront capital expenditure and allow production revenues to partly fund future capital needs.

**Jay Cheatham, CEO of Pantheon Resources, commented,** *"I am delighted that the results so far have exceeded our pre-drill expectations. If we achieve a positive flow test on the horizontal section of this well, it will have major positive implications for our Company, proving the deliverability and validating our models. I look forward to keeping the market updated with our progress at this exciting time."*

**Bob Rosenthal, Technical Director, commented,** *"Our analysis to date has been overwhelmingly positive. Confirming the presence of the various horizons exactly in the locations we expected gives us great confidence in our subsurface modelling efficacy."*

*"The results of logging while drilling demonstrates the clear potential for a material upgrade of both the current Alkaid and SMD resources. Though we were unable to assess the maximum depth of Alkaid Deep due to the regulator's requirements, the entire section that we did log was oil saturated giving which is extremely promising."*

"Alkaid #2 marks Pantheon's transitioning process from explorer to producer, where we now begin to focus on optimising the development of these large resources. The potential development of two large and separate oil fields sitting on top of each other, the SMD and Alkaid Anomaly respectively, utilising the same production infrastructure on the Dalton Highway with near term production opportunity, is rare and very exciting.

"We have discovered a huge amount of oil on the ANS across our Theta West, Talitha and Greater Alkaid projects which are estimated by management to contain over 23 billion barrels of Oil in Place and over 2.3 billion barrels of recoverable resource in those horizons that have flowed oil, and Alkaid #2 could add to these estimates."

#### Glossary

bbbl	Barrel
BOPD	Barrels of oil per day
Contingent Resource	Contingent Resources are those quantities of petroleum which are estimated, on a given date, to be potentially recoverable from known accumulations, but which are not currently considered to be commercially recoverable
FMI	Fullbore formation microimager
mmbo	Million barrels of oil
NVP	Net present value
OIP	Oil in Place - is a specialist term in petroleum geology that refers to the total oil content of an oil reservoir

-Ends-

#### Further information:

##### Pantheon Resources plc

Jay Cheatham, CEO +44 20 7484 5361

Justin Hondris, Director, Finance and Corporate Development

##### Canaccord Genuity plc (Nominated Adviser and broker)

Henry Fitzgerald-O'Connor, James Asensio +44 20 7523 8000

##### BlytheRay

Tim Blythe, Megan Ray, Madeleine Gordon-Foxwell +44 20 7138 3204

#### Notes to Editors

Pantheon Resources plc is an AIM listed Oil & Gas company focused on several large projects located on the North Slope of Alaska ("ANS"), onshore USA where it has a 100% working interest in 153,000 highly prospective acres with potential for multi billion barrels of oil recoverable. A major differentiator to other ANS projects is its close proximity to transport and pipeline infrastructure which offers a significant competitive advantage to Pantheon, allowing for materially lower capital costs and much quicker development times. The Group's stated objective is to create material value for its stakeholders through oil exploration, appraisal and development activities in high impact, highly prospective conventional assets, in the USA; a highly established region for energy production with infrastructure, skilled personnel and low sovereign risk. All operations are onshore USA, with drilling costs materially below that of offshore wells.

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 Robert Rosenthal, a qualified Petroleum Geologist, who has over 40 years' relevant experience within the sector.

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