



WELLESLEY
PETROLEUM

PRESS RELEASE

Warsaw, July 12, 2019

PGNiG acquires interest in another gas field in the North Sea

PGNiG Upstream Norway has acquired 20% shares in the Duva field – PL 636 and PL636B licenses – from Wellesley Petroleum AS. First production is expected at the turn of 2020 and 2021.

“We are focused on the implementation of the strategy related to the increase in production in Norway, which is why we consistently build our portfolio of shares in licenses on the Norwegian Continental Shelf,” commented Piotr Woźniak, President of the PGNiG Management Board. “Duva field has been one of the most promising development projects on the NCS in recent years. It is characterized by the exceptional good quality of reservoir rock. Estimated reserves and the proximity to existing infrastructure reduce development and production costs. We estimate that the average natural gas production from the Duva field by PGNiG during the first five years of operation of the Baltic Pipe gas pipeline between 2023 and 2028 will amount to 0.13 billion cubic meters annually,” he added.

The Duva field is an oil and gas development project discovered in 2016. It is located within the PL636 and PL636B license area in the North Sea, approx. 140 km north of the city of Bergen. According to data from the Norwegian Oil Directorate, the deposit's resources are 88 million barrels of oil equivalent (including approximately 8.4 billion cubic meters of natural gas).

Chris Elliott, CEO of the Wellesley Group of companies, commented: *“For Wellesley, this transaction allows us to redeploy our development resources to mature our operated Grosbeak development project, whilst maintaining focus on our core business of exploration. PL636 was Wellesley’s first license on the NCS and we are proud of our contribution to the exploration, discovery and development planning of Duva. However, at this phase in the project PGNiG is a more logical owner and I believe their deep experience of oil and gas development and production will be a valuable asset to the Duva development partnership. We wish both PGNiG*

and the other Duva partners well in bringing the field to first production. I would also like to thank the PGNiG team for our collaboration on this transaction, and look forward to our companies working together again in future. We remain confident in the potential of the NCS to deliver high quality commercial discoveries like Duva in the coming years”.

In June 2019, the Norwegian Ministry of Petroleum and Energy approved the Duva plan for Development and Operation. The field will have three production wells – two producing oil and one producing natural gas, with the potential for an additional oil well. After the commencement of exploitation planned at the turn of 2020 and 2021, the maximum annual production from the deposit in the initial period is to amount to approx. 30 thousand boe. The operator of the license is Neptune Energy Norge (30% of shares). The remaining shareholders, apart from PGNiG Upstream Norway, are Idemitsu Petroleum Norge (30%) and Pandion Energy (20%).

PGNiG Upstream Norway’s most recent acquisitions were the purchase of 42.4 percent shares in the Tommeliten Alpha field in 2018 and 22.2 percent shares in the King Lear field in June 2019. After finalizing the transaction related to the Duva field, the company will hold shares in 27 licenses on the Norwegian Continental Shelf, where it is an operator on four of them.

Wellesley Petroleum is an independent oil company focused on exploration on the Norwegian Continental Shelf. Wellesley is qualified as an operator on the NCS and is now one of the most active explorers on the shelf. Wellesley is funded by Bluewater Energy LLP and associates, specialist investors in the energy sector.

Lambert Energy Advisory Ltd advised Wellesley in the transaction.

Press contact:

Chris Elliott, CEO/Exploration Director, +47 51 20 44 22

Polish Oil and Gas Company (PGNiG) deals with exploration and production of natural gas and crude oil and – through its branches and key companies from the Capital Group – with import, storage, sales, distribution of gaseous and liquid fuels, production of heat and electricity as well as geophysical and drilling services. Its subsidiaries and branches carry out exploration and production activities in Norway and Pakistan, gas sales in Germany and LNG trading through an office in London.

Press contact:

PGNiG Department of Public Relations, media@pgnig.pl