

#### Stock Data

Share Price:	6.1p
Market Cap.:	£78.8m
Shares in issue:	1,291m
52 week high/low:	7.89p/0.42p

#### Company Profile

Sector:	Oil & Gas
Ticker:	ZPHR
Exchange:	AIM

#### Activities

Zephyr Energy is an independent oil and gas E&P company with a strategic focus on hydrocarbon development projects in the Rocky Mountain region of the US.

Company website:

[www.zephyrplc.com](http://www.zephyrplc.com)

#### 1-year share price performance



Source: LSE

Past performance is not an indication of future performance.

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## Zephyr Energy PLC

**The State 16-2LN-CC well located in the Paradox Basin, Utah, reached Total Depth (TD) at 14,370 feet in the Cane Creek reservoir last week, at which point Zephyr ran a full suite of wireline logs and production casing was set. Initial analysis of the wireline log and other data has now been completed indicating that a high percentage of the horizontal lateral has the potential to be completed for testing and production. In addition, porosity and permeability estimates are equivalent to other producing basins where Hydraulically Stimulated Resource Play (HSRP) developments are prolific.**

The horizontal section of the State 16-2LN-CC well penetrated 4,555 feet of the Cane Creek reservoir and wireline log data indicates that approximately 85% of this portion of the well can be completed for testing and production. Additionally, the well's drainage area from the same horizontal section is estimated to hold between 1.2 mmbœ and 4.5 mmbœ of hydrocarbons in place.

The company notes that ultimate well performance and recoverable oil and gas volumes will be determined by several important factors. These include matrix permeability, reservoir pressure, the level of movable water in the reservoir and the degree of successful reservoir stimulation.

Primary reservoir facies, which are determined using log responses and associated geological data, show average porosity of c.7% rising to 12% in some areas. These levels are comparable with core results from the earlier State 16-2 vertical well drilled in Q1 2021. The company's analysis also indicates good matrix permeability for a HSRP development, also based on State 16-2 permeability measurements and correlation with core porosity. In other data analysis, Zephyr's mass spectrometry (a technique used to measure molecule volumes within a sample) of the mud gas indicated the presence of oil, gas and gas condensate and also a low water saturation within the reservoir.

On the basis of the data analysed so far, combined with both the excellent positioning of the State 16-2LN-CC well within the Cane Creek reservoir and its potential to use the well as a proof of concept well for a wider development via hydraulic stimulation, Zephyr has indicated that it will now instigate a diagnostic fracture injection test (DFIT) on the well. This next phase commenced as of the date of this report and the results of the DFIT, combined with the data gathered so far, will enable Zephyr to make an initial estimate on well production rates and recoverable resources in addition to finalising the method for optimal well completion. If the HSRP completion route is selected, the company believes it could allow for a simpler surface footprint to maximise resource efficiency and project economics while minimising environmental and surface disruption. Production testing will commence immediately after a successful completion of the well.

The company has outlined that a DFIT will provide additional insight into the reservoir properties of the Cane Creek and the potential for hydraulic stimulation within the company's acreage. In particular, the company states that the State 16-2LN-CC wellbore is a particularly good platform from which to assess development options prior to a production test.

**Zephyr continues to make strong progress with the work programme for State 16-2LN-CC. In particular, the upcoming DFIT on the well will allow the company to determine the optimal method for well completion and the subsequent testing programme in addition to providing substantial insight into Zephyr's options for a wider potential development across its acreage in the Paradox Basin.**

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