

Stock Data

Share Price:	5.5p
Market Cap.:	£71.0m
Shares in issue:	1,290.5m
52 week high/low:	7.89p/0.42p

Company Profile

Sector:	Oil & Gas
Ticker:	ZPHR
Exchange:	AIM

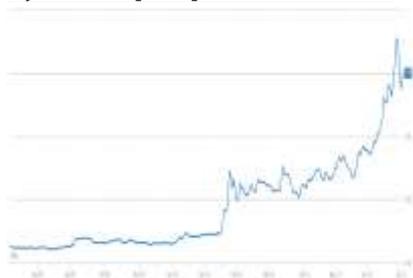
Activities

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

1-year share price performance



Source: LSE

Past performance is not an indication of future performance.

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Zephyr Energy PLC

Drilling operations on the State 16-2LN-CC well, located on Zephyr's flagship project in the Paradox Basin, Utah, have been concluded safely and successfully. The State 16-2LN-CC well, which was spudded on 13 July 2021, reached Total Depth (TD) at 14,370 feet in the primary target: the Cane Creek reservoir. Following this, a full suite of wireline logs was run and production casing was set in anticipation of plans to complete and test the well in the coming weeks.

Using the Cyclone Rig #34, drilling of the State 16-2LN-CC well reached TD on schedule in early August 2021. The well encountered the primary Cane Creek reservoir target in addition to several secondary targets in overlying reservoirs.

The well was drilled to a vertical depth of approximately 10,000 feet and penetrated a horizontal lateral section of the Cane Creek reservoir for a further 4,555 feet in order to intersect with the open natural fracture system which exists across this portion of the Cane Creek. The company notes that the lateral section of the well was drilled 100% in the Cane Creek reservoir.

The Cane Creek reservoir target indicated hydrocarbon charge across its entirety based on data derived from wireline logs and mud gas readings. The multiple overlying reservoirs also indicated hydrocarbon charge suggesting additional upside in what are at present, secondary overlying targets.

Zephyr indicates that more detailed analysis of the log data is ongoing and the results of this work will inform the company's decision on an optimal well completion method. This is expected to be determined over the coming days. In this regard, the Cane Creek reservoir has historically been developed as a natural fracture play (NFP). However, if the anticipated NFP completion option should be assessed to be less optimal than a modern hydraulically stimulated resource play (HSRP) style completion, Zephyr is well prepared to execute on this alternative development solution.

The company indicates that the data received from the wireline logs will ultimately guide the selection of the well's completion method and we would note that if a HSRP development solution is selected, there is potential for a considerable upsizing of the scale of the project if those efforts are successful.

Zephyr has now set production casing within the well in anticipation of upcoming completion and production testing activity. Prior to spudding, our estimation was that testing of the well could take a further 40-45 days although this could be subject to revision. Analysis of the historical data in the Paradox indicates that the Cane Creek is a highly pressurised oil-driven reservoir with significant volumes of associated gas, similar to the plays developed in the Williston Basin of North Dakota.

Zephyr has already set production casing and has a stable well bore from which to complete the well and expedite test production from the Cane Creek reservoir. We are confident that this definitive phase of activity, which will be determined by log evaluation data and the raft of information provided by the earlier State 16-2 well drilled in Q1 2021, will determine the method by which the company will complete the State 16-2LN-CC well. In this regard, we anticipate that Zephyr will provide further updates to investors as this work continues over the coming days.

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