# **EnQuest Capital Markets Day**

8 December 2015







**Amjad Bseisu Chief Executive** 









# **Agenda**



**Overview & Operations Update** Amjad Bseisu, CEO **Financials** Jonathan Swinney, CFO **UK North Sea Neil McCulloch President North Sea** Kraken Richard Hall **Head of Major Projects Bob Davenport** Malaysia General Manager, Malaysia **Amjad Bseisu Summary** 

# 2015 H2 operations update

# Strong production. Alma/Galia performing well. Reduction in costs



Production 35,022 Boepd in 2015 to end Nov'	<ul> <li>H2 production to end of Nov' up 39% on H1</li> <li>2015 to end Nov' included 8,654 Boepd from Malaysia</li> <li>Included spot rates of c.14,000 Boepd gross from Alma/Galia</li> <li>Set to achieve full year 2015 production guidance of between 33,000 Boepd and 36,000 Boepd</li> </ul>
Alma/Galia	<ul> <li>Achieved first oil on 27 October</li> <li>Averaged c.4,000 Boepd net in November</li> <li>Reservoir performing as anticipated, FPSO operating well</li> </ul>
Delivering on cost reductions	<ul> <li>Production &amp; transportation costs reductions are ahead of target, now expected to be \$31-\$32/bbl</li> </ul>
Kraken	<ul> <li>Progressing well, continuing on schedule and now anticipating delivering the development at a capex cost 10% less then sanctioned</li> </ul>
Scolty/Crathes	<ul> <li>Only offshore oil field approved by OGA this year, sanctioned by partners</li> <li>Benefits from limited cash capex until first oil; including GKA benefits unit capex is under of \$20/bbl and unit opex is under \$15/bbl in the first three years. EnQuest net 2P reserves to increase by c.9MMbbls</li> </ul>

# Strategic priorities in a low oil price environment 1) Delivering on execution



- Strong 35,022 Boepd production to end November
  - Averaged 48,677 Boepd over Oct / Nov
    - Individual days already over 50,000 Boepd
  - Alma/Galia reservoir and FPSO performing as expected



- Malaysia delivered 8,654 Boepd net to end Nov
- Alma/Galia to achieve full production before the end of Q1 2016
- New guidance for average production in 2016
  - Between 44,000 Boepd and 48,000 Boepd, before Kraken and Scolty/Crathes
  - Equates to 33% 2016 growth over 2015 at the mid-points
- Kraken on schedule
- Scolty/Crathes well underway



# Strategic priorities in a low oil price environment 2) Restructuring EnQuest's operating cost base



- Programme to streamline operations more than on track
  - Now expecting to deliver opex \$31-32/bbl in 2015
  - Anticipating unit opex in \$26-28/bbl range in 2016
  - Further reduction once Kraken is onstream



- EnQuest is institutionalising a new materially lower operating cost base
  - Whilst maintaining high production efficiency
  - Since taking over GKA running at opex of over \$100/bbl
    - EnQuest has driven unit opex down below \$30/bbl
      - Both from increases in production and material cost reductions

# Strategic priorities in a low oil price environment

# 3) Strengthening the balance sheet - good operational performance



- Reduced Kraken capex by c.10%
- Prioritised investment programme
  - Internationally: Exited Norway, Tunisia, Egypt
  - UK: Exited 5 licences, down to interests in 30

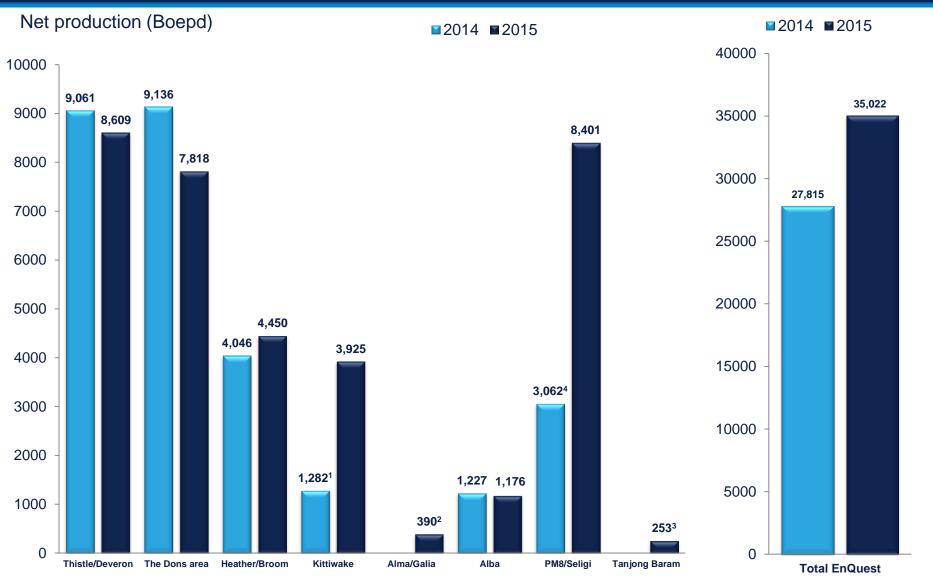


- Investment approvals now include low cost fast payback projects eg Thistle 2015
- Average development cost/barrel around established hubs in 2015 was c.\$18/bbl
  - Will be significantly lower in 2016
- Net debt is planned to increase during 2016 ahead of Kraken first oil
  - Capex will be materially reduced in 2017 and then again beyond that
  - Net debt expected to decline significantly after 2017

#### **Production results year to end November 2015**

Strong production, up 26% year on year, 41,360 Boepd in H2 so far - up 39% Vs H1





<sup>1</sup> Net production since the completion of the acquisition at the start of Mar' 2014, averaged over the eleven months to the end of Nov' 2014

<sup>&</sup>lt;sup>2</sup> Net production since first oil on 27 October, averaged over the eleven months to the end of November 2015

<sup>&</sup>lt;sup>3</sup> Net production since first production in June, averaged over the eleven months to the end of November 2015

<sup>&</sup>lt;sup>4</sup> Net production since the start of H2 2014, averaged over the eleven months to the end of November 2014



Jonathan Swinney
Chief Financial Officer









#### **Guidance to the market**



#### Full Year 2015

- Reaffirming production guidance between 33,000 Boepd and 36,000 Boepd
- Unit production and transportation operating expenditure will now be \$31-32/bbl; ahead of target
- Cash capex in 2015 will include additional c\$150m
  - Extension of the well programme in Thistle, additional three wells drilled
  - Earlier drilling of the Galia production well, moved from 2016
  - Further work required during the final commissioning processes and start up of the EnQuest Producer
- G&A expected at the low end of the \$15m \$20m range
- Year end net debt now anticipated to be approx. \$1.55bn

#### **Guidance to the market**



#### **Outlook**

- Production guidance between 44,000 Boepd and 48,000 Boepd for 2016
- Average unit opex anticipated to be in the range of \$26-28/bbl for 2016
- Cash capex in 2016 is expected to be approximately \$700 \$750m, predominantly focused on Kraken
- 2016 hedge programme of 10 million barrels remains in place
- 2017 capex expected to reduce materially and further decline in subsequent years
- Debt repayment expected in H2 2017 with net debt expected to decline significantly thereafter



**Neil McCulloch President North Sea** 









# Strategic priorities in a low oil price environment



**Delivery** 

- Production performance on track
- Upper Quartile drilling performance
- Ythan delivered one year after taking licence

Streamlining operations

- Production efficiency remains Upper Quartile
- Relentless programme of unit opex reduction
- Positive margins on all assets
- Drilling costs 20-25% better than upper quartile benchmark

Capital discipline

- Minimising net cash outflow in 2016
- Progress only projects with high margins and fast payback
- Scolty Crathes sanctioned with 40% capex reduction
- Improved payment terms from major spend categories

Institutionalising low unit costs, maintaining margins for high future cash flow growth

#### **EnQuest Producer**

#### Project to producing asset





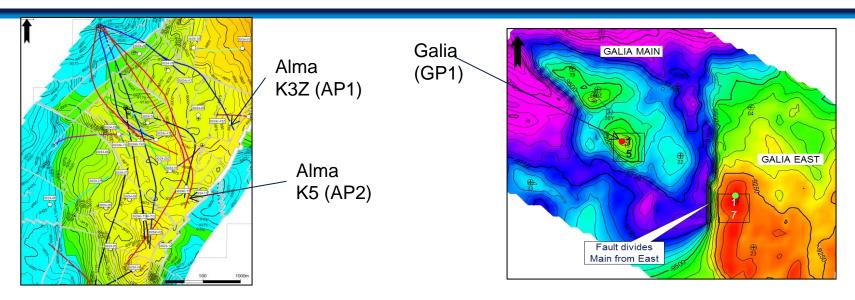


- First Oil safely achieved on 27 October 2015
- Floating Production Storage and Offloading (FPSO) installation performing well
- First cargo lifting planned for late December
- Full rate production during Q1 2016
- First three wells operating with temporary diesel power
- Steam power and final three wells to be commissioned in Q1 2016
- Development phase of the Alma/Galia project essentially finished

#### **Alma and Galia**

## Performance in line with expectations





Well performance in line with expectations:

- AP1 (K3Z) Zechstein producer ~3,900 Boepd gross
- AP2 (K5) Devonian producer ~3,700 Boepd gross
- GP1 (Galia) ~ 7,000 Boepd gross

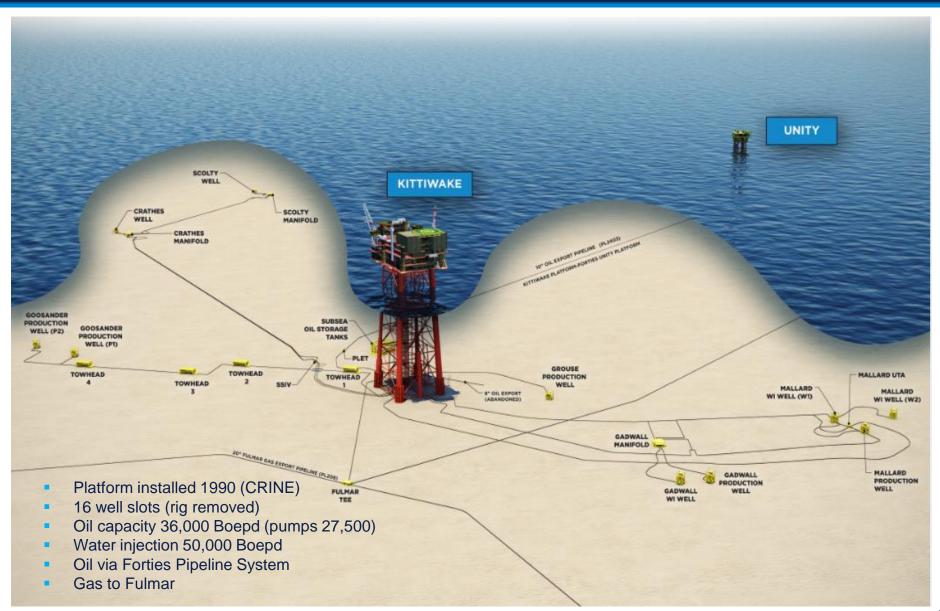
Wells to be commissioned in Q1 2016 are:

- K1 (Rotliegendes producer)
- K2 (Zechstein producer)
- K4 (Devonian producer)

# **Greater Kittiwake Area (GKA)**

A key hub





## **GKA** hub strategy

## Improve margins and maximise value



# Maximise base production

- Increase Production Efficiency
- Reduce opex, reduce cost/bbl
- Execute scale squeezes
- Manage Supply Chain

Infill drilling success

- 2014 Mallard workover
- 2015 Gadwall sidetrack
- 2016 Scolty Crathes development

Progress growth opportunities

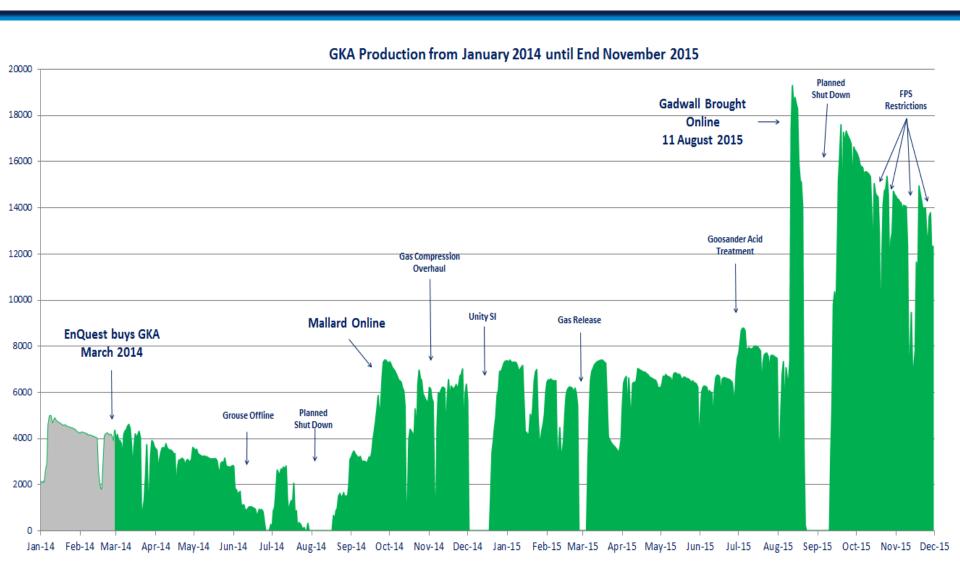
- Execute Scolty Crathes project
- Eagle prospect
- Assess other exploration opportunities in the area

Good HSE performance, Stakeholder buy-in, 'one team', opex/boe focus

### **GKA**

#### Transformed performance after taking operatorship



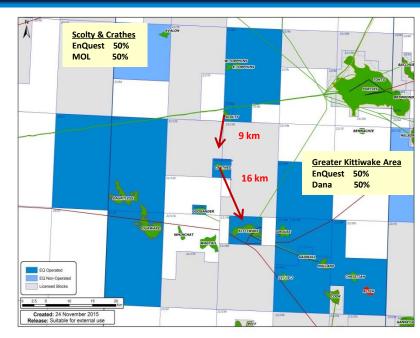


# **Scolty/Crathes sanctioned**

#### Synergies with Kittiwake realised



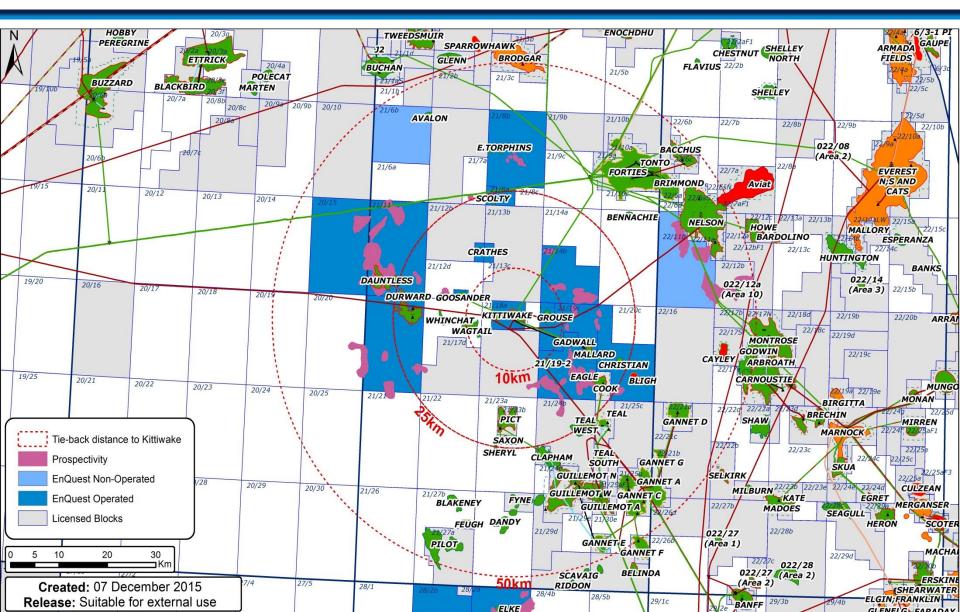
- Two-well subsea development, north of Kittiwake
- High-quality reservoirs, c. 7 Mmboe (net) 2P reserves
- Capex reduced by 40% through 'value engineering'
- Lump-sum contracts for topside and subsea, drilling with proven Stena Spey rig
- Low execution risk, first oil by H1 2017
- Milestone payments deferred to first oil
- Extends GKA field life to 2025 adding
   c. 2 Mmboe reserves net (to GKA)
- Development capex <\$20/boe, opex/boe <\$15/boe</li>





# **Significant Prospectivity Around GKA**



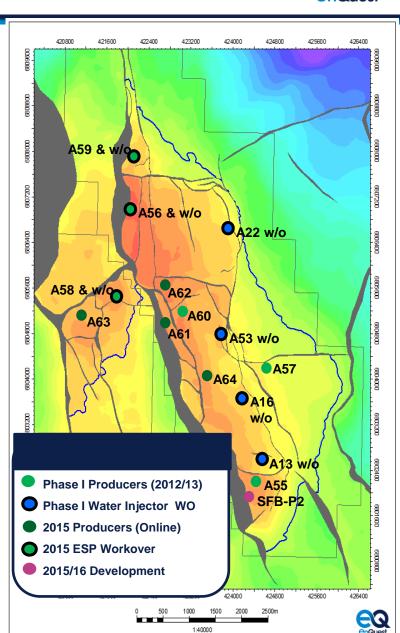


#### **Thistle / Deveron**

#### High production efficiency, cash-flow returned from drilling programme



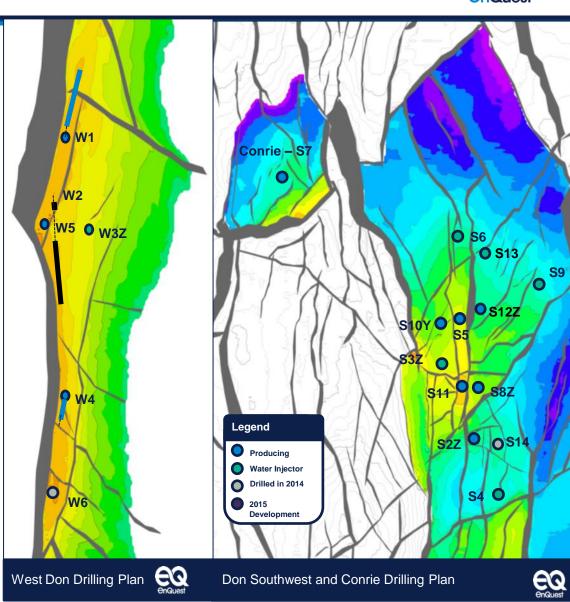
- High production efficiency of mid-80s%
- Three well programme extended and activities complete in 2015 :
  - A61 accessing updip target against Thistle bounding fault
  - A62 twin of A41 (plugged due to conductor failure)
  - A59 ESP workover
  - A63 (Deveron P2) ESP producer
  - A64 drilled in the crest of the Western Fault Block
  - Deveron A58 ESP workover
- Excellent drilling performance has delivered cost savings of £9.4million - 25% below budget
- Payback on the first three wells will be achieved around year end (A61 after 80 days)
- One further activity to complete Thistle Southern Fault Block P2 infill producer
- Progress continues in the life extension project with improvements from power upgrades and further systems commissioned during the shutdown



#### **Dons / Conrie**



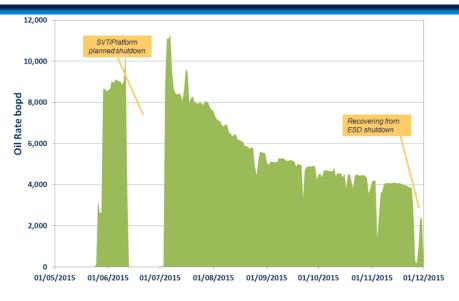
- YTD production significantly above budget in 2015
- High production efficiency of mid-80s%
- High levels of water injection efficiency following increase in injection capacity in March
- Scale treatments carried out on West Don W4 and W1, allowing reinstatement of W4
- Conrie reinstated to continuous production
- Planned maintenance shutdown in June 2015 completed successfully



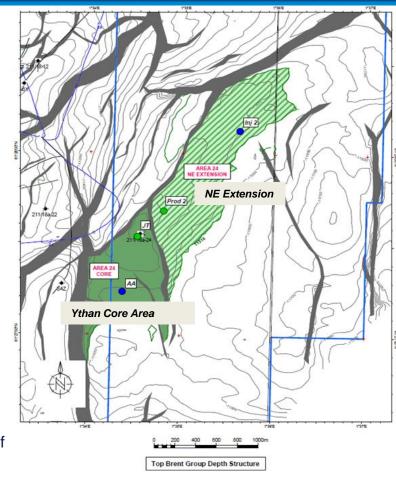
# Ythan onstream a year after taking licence

#### Performance Ahead of Expectations





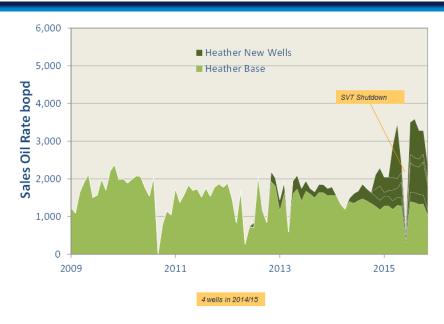
- Fast track development schedule:
  - Licence acquired Q2 2014
  - FDP approved Q3 2014
  - First oil 25 May 2015
- Ythan production significantly above expectation with initial rates of more than 8,000 Boepd compared with budget of 4,000 Boepd
- Production decline less than expected, indicating well is connected to a bigger volume than expected
- Further performance data required before finalising next phase of development



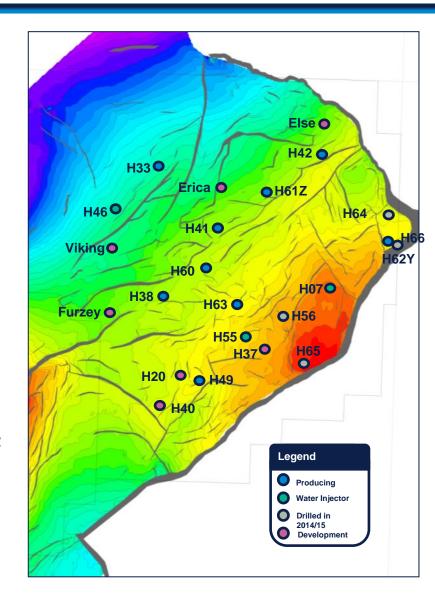
### **Heather / Broom**

#### High levels of operational uptime



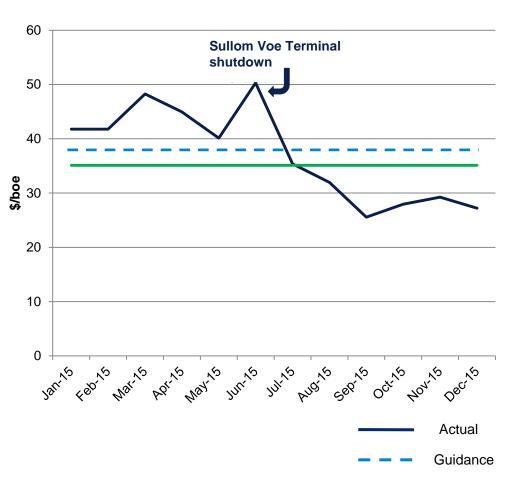


- High production efficiency of mid-80s%
- Wells drilled in 2014 have doubled Heather field's rate
- Broom injection flowline successfully replaced in Q2
- Water injection significantly increased to Heather and Broom in H2
   both fields seeing higher production rates as a result
- Significant reductions in all spend categories have resulted in much better unit costs to achieve positive cash flow
- Further subsurface potential being assessed



#### North Sea OPEX/BOE 2015





Cost reduction programme firmly on track:

- Lower unit rates Scale treatments, subsea inspection, repairs and maintenance, logistics, equal time rotas and reduced contractor rates
- Incentivised contract structures -KPIs for service providers: payment linked to performance
- Enhanced contract and procurement practices – Access to lower global costs via Dubai-based procurement team, contract renegotiations, and ongoing communication with Supplier Forum to ensure Supply Chain aligned with our priorities

# Northern North Sea (NNS) Infrastructure



#### Operational Gas Group (OGG)

- Reliable, cost-effective source of fuel gas secured by innovative industry "group buy"
- Cost reduced by almost 50% for Heather/Broom

#### Sullom Voe Terminal (SVT)

- EnQuest's NNS transportation costs reduced from \$10/bbl in 2014 to \$8/bbl in 2015.
   Forecast of \$7/bbl for 2016
- Reduction in gas processing costs which had penalised EnQuest's lighter crude
- SVT plant rationalisation agreed and engineering underway
- New cost share and governance principles agreed

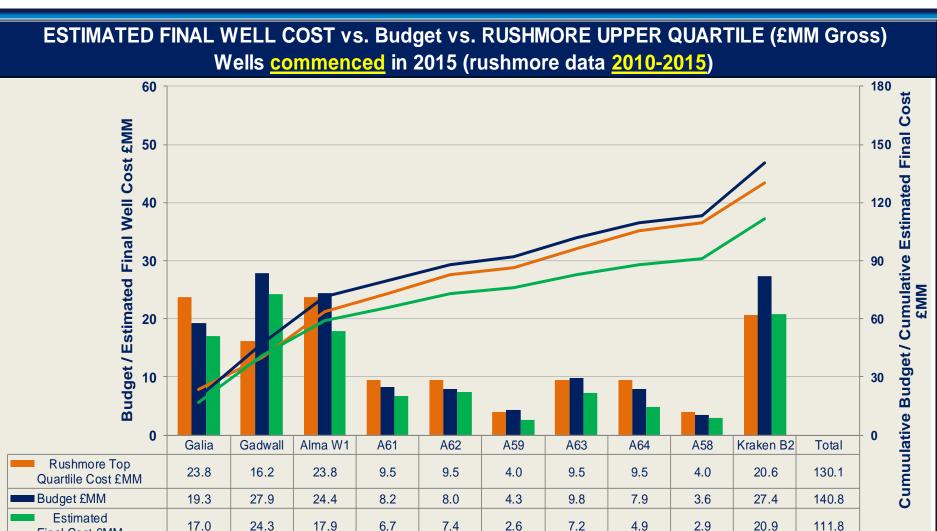
#### **Dunlin Cessation of Production**

- Bypass concept selected with execution planned for 2017
- Sanction planned for 2016

# **Outstanding drilling performance**

Final Cost £MM





<sup>\*</sup> Rushmore Reviews are a source of global offset well data, with the data provided directly from the Operators, with independently quality control.

# Wells delivery excellence



#### Achieved through:

- Unwavering focus on delivery keeping it simple, focusing on the detail - getting it right first time
- Managing the cost base down and maintaining contractor performance
- Smart use of Well Services to perform offline intervention work, de-risking rig operations
- Excellent teamwork and clear accountabilities across Subsurface / Wells Delivery / Production team
- Continuous improvement



# **Summary**



- Excellent production delivery, portfolio meeting guidance, Kittiwake now delivering Upper Quartile performance in line with NNS assets
- Opex/boe ahead of guidance and set to be in the high \$20s/bbl in 2016
- Alma/Galia complete with minor activities and spend in Q1 2016
- Drilling costs/performance ahead of industry Upper Quartile benchmarks
- Margins assured at low oil price
- Capex programme targeted at low-cost, fast payback opportunities





Richard Hall Head of Major Projects









#### Kraken overview

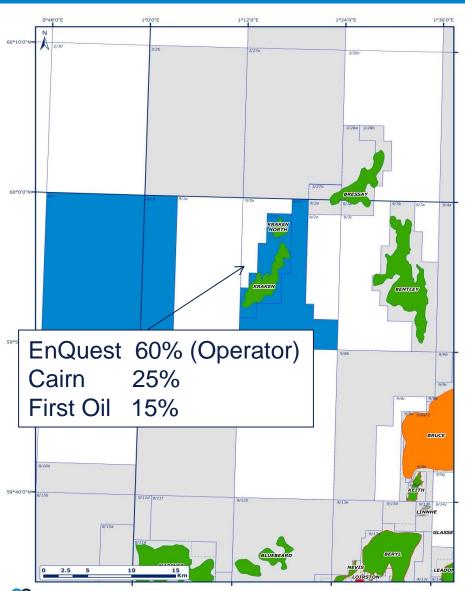
#### Field summary



- 2 fields located in Block 9/2b
  - 350km NE of Aberdeen
  - Field area ~12 x 3.5 km
  - Water depth of 110m
  - Heavy oil (14 Deg API) but good flow properties
  - Low sulphur content and not waxy
- FDP approved by DECC with two heavy oil tax allowances confirmed
  - Developing 147 MMbbls reserves (base case)
  - First production H1 2017
  - 25 wells

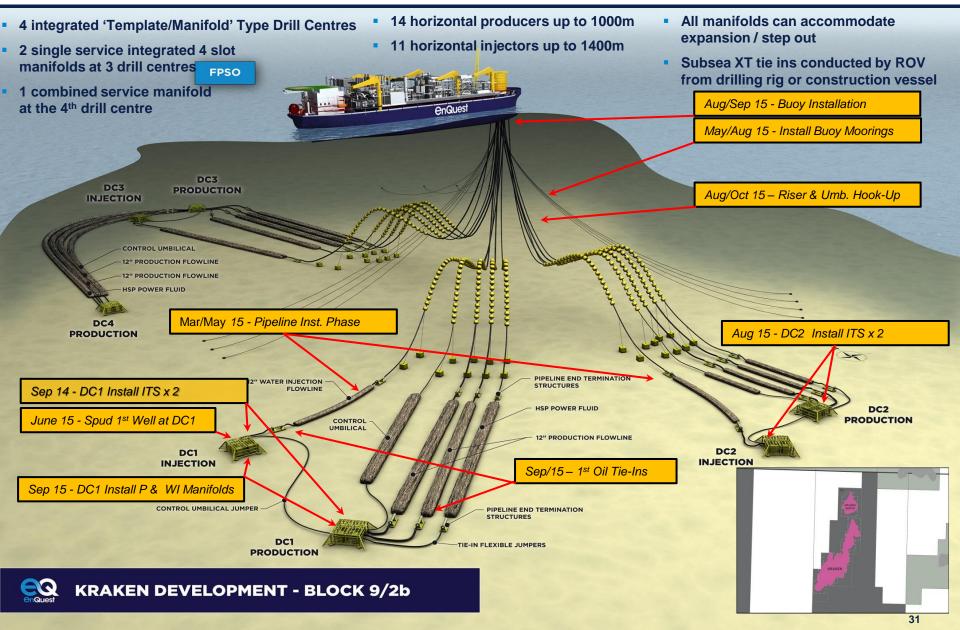
#### Attractive field economics

- Long field life, 25 + years
- Project capex of c.\$20/bbl
- Initial opex of c.\$15/bbl
- Total potential of over 260 MMbbls
- Total project capex now reduced by 10% versus sanction case, to \$2.9bn



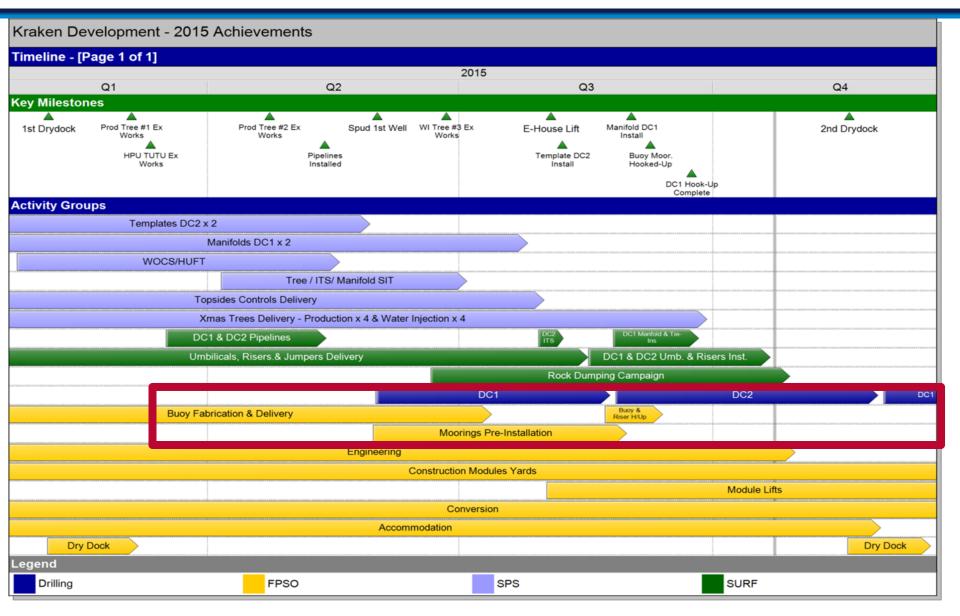
## Development plan and field layout





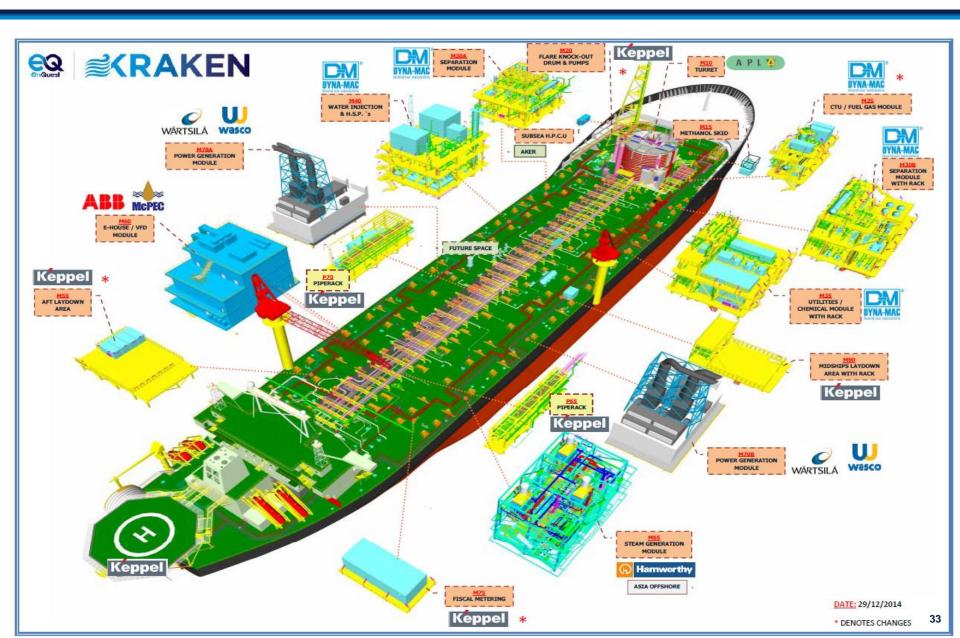
## Key deliverable of buoy achieved on schedule





FPSO module location





### **FPSO Armada Kraken**

#### Construction continues







FPSO overall view





FPSO swivel





FPSO overall view





M70A & B power generation





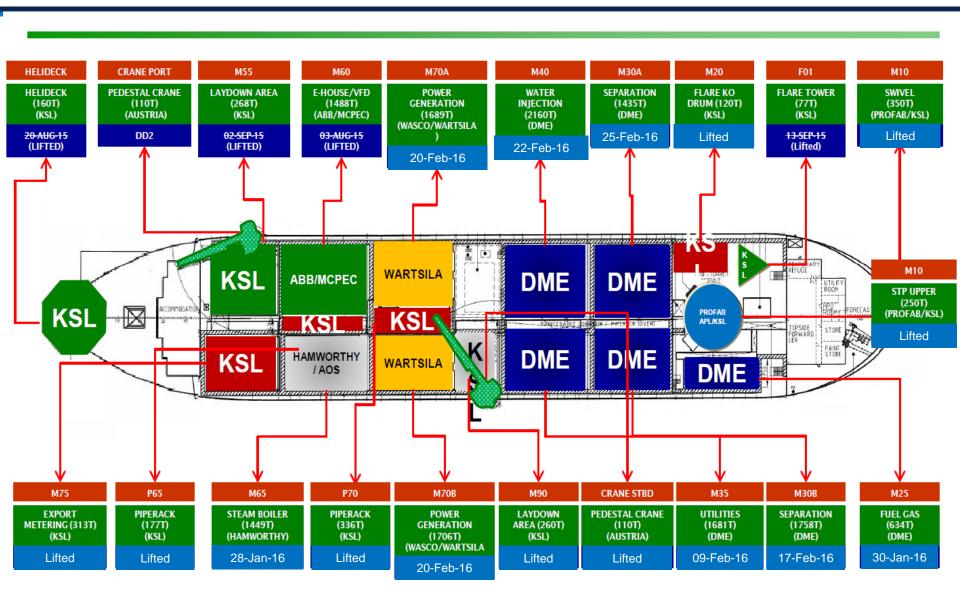
M30B separation





# FPSO 2016 forecast module lifting dates





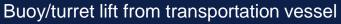
"Deep Energy" installing pipeline end termination (April 2015)





# Installation of Submerged Turret Production (STP)buoy and DC1 risers

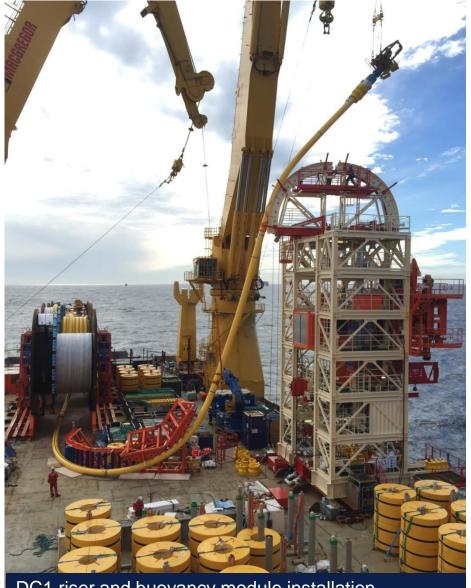






STP buoy/turret pre-ballasting





DC1 riser and buoyancy module installation

# 2016 subsea programme to first oil



 Subsea programme/timings – "Subsea Umbilicals, Risers, Flowlines" (SURF)

#### Drill Centre DC2

- Install water injection & production manifolds
- Install tie-ins to manifolds jumpers
- Install "A" production riser (carry-over from 2015 scope)
- Rockdump and install cover protection
- Leak test pipelines

#### Drill Centre DC3

- Install water injection & production "Integrated Template Structures" (ITS)
- Install water injection & production manifolds
- Install "A" & "B" production, "Hydraulic Submersible Pump" (HSP) and water injection pipelines
- Install umbilical and "A" & "B" production, HSP and water injection risers
- Install tie-ins to manifolds jumpers
- Rockdump and install cover protection
- Leak test pipelines

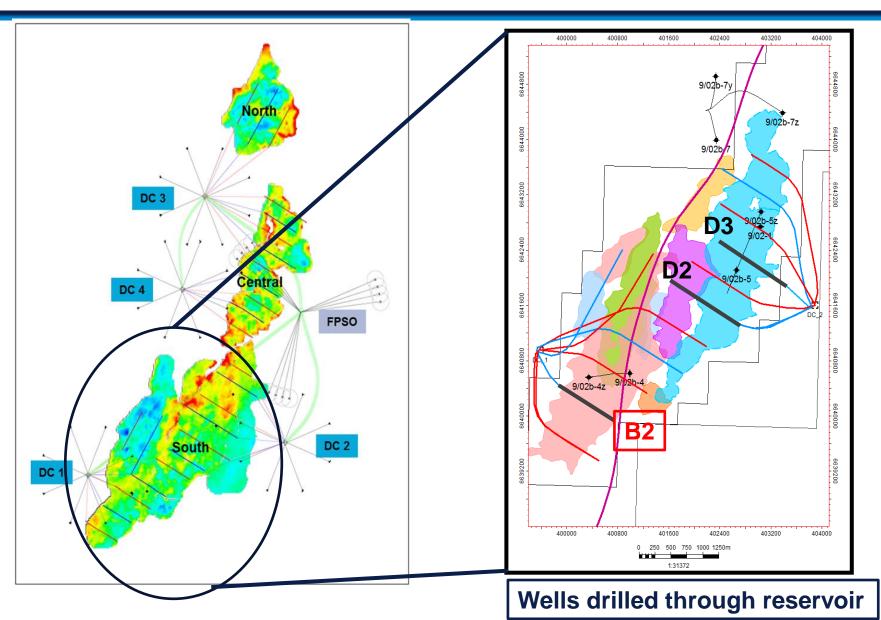






Wells/drilling

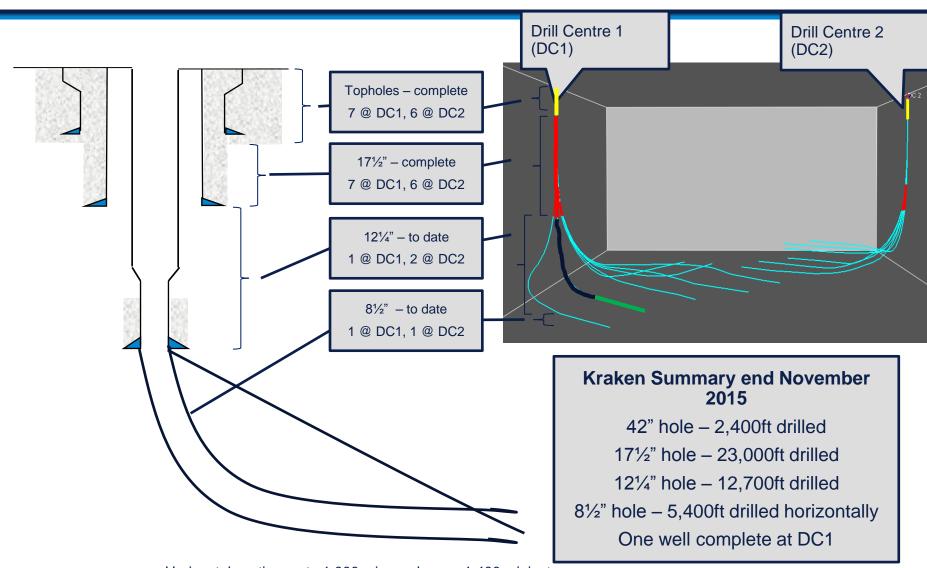




#### Kraken

### Wells progress summary 2015

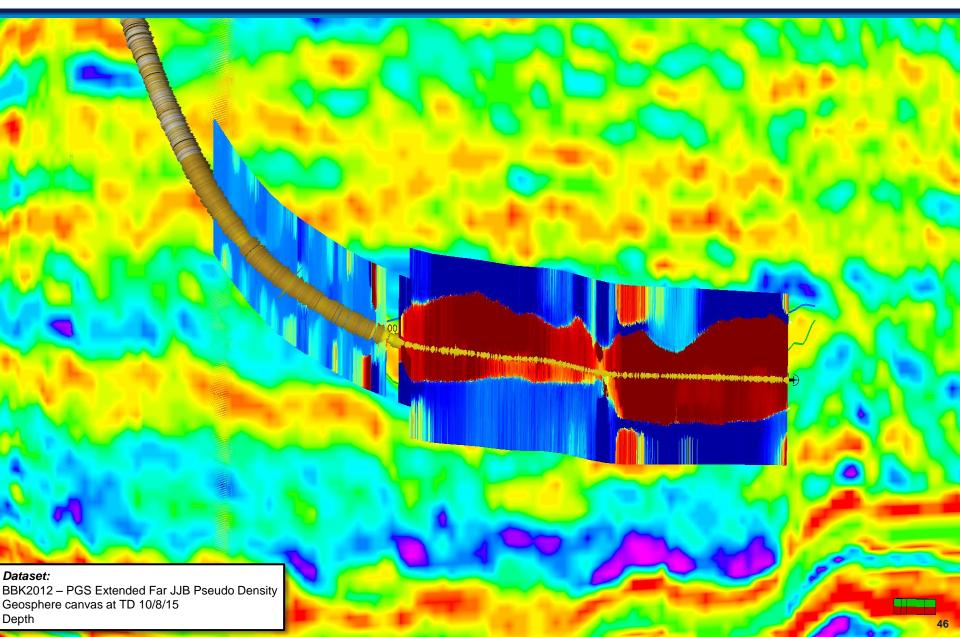




Horizontal section up to 1,000m in producers, 1,400m injectors

# All wells drilled to date in line with expectations Well B2





#### Schedule of work for 2016



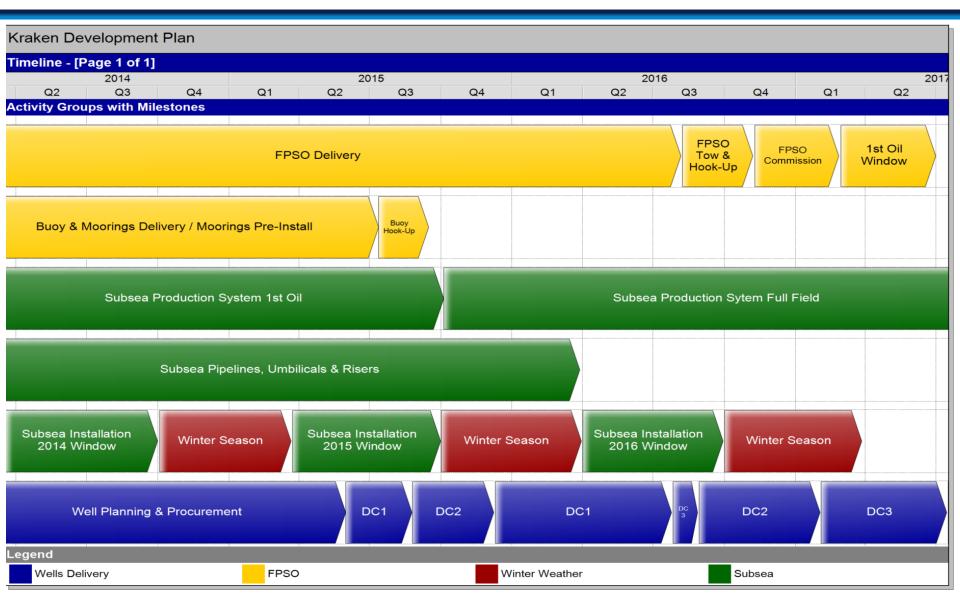
#### Wells available pre-first oil: 4 producers & 4 injectors

- Rig Programme Transocean Leader
- Drill Centre 1 (DC1)
  - Drill and complete six wells to finish DC1 drilling programme
- DC3
  - Batch drill and run intermediate casing in five wells
- DC2
  - Batch drill to top of reservoir in four wells
  - Drill reservoir and complete one well
- Well Clean-up
  - Clean-up 1<sup>st</sup> Production Well immediately after completion. Undertake well test.
  - Clean-up 2<sup>nd</sup>, 3<sup>rd</sup> & 4<sup>th</sup> Production Wells as a batching program, subject to findings of 1<sup>st</sup> clean-up



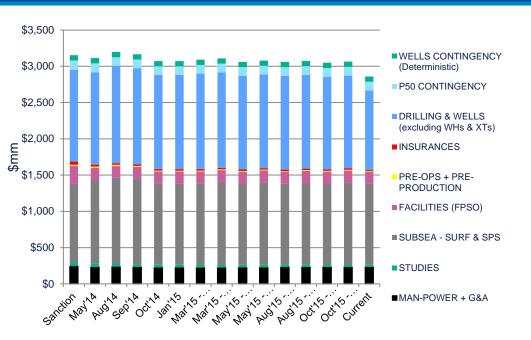
#### Schedule to first oil

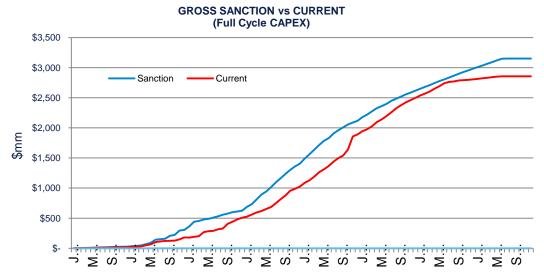




Total project capex (gross basis)







WBS	Sanction (\$mm)	Current (\$mm)		
MAN-POWER + G&A	243	232		
STUDIES	45	37		
SUBSEA - SURF & SPS	1,098	1,112		
FACILITIES (FPSO)	242	162		
PRE-OPS + PRE- PRODUCTION	16	11		
INSURANCES	43	15		
DRILLING & WELLS (excluding WHs & XTs)	1,268	1,097		
P50 CONTINGENCY	127	121		
WELLS CONTINGENCY (Deterministic)	72	72		
Total	3,152	2,858		

#### Capex reductions achieved through planning and project execution



- Extensive planning pre-sanction including 2 FEEDS<sup>1</sup> for FPSO and subsea FEED
- Comprehensive detailed WBS<sup>2</sup> for total project execution and control
- Full gate process and peer review across each discipline
- Use of standardised, proven designs for subsea systems
- Highly detailed review of discovery, appraisal and offset wells plus "dress rehearsal" prior to starting wells campaign by drilling of geotechnical pilot hole
- Extensive subsurface appraisal work



- Well defined contracts/contractual scopes with attractive payment profiles
- Third party, leased FPSO to mitigate risk of cost overrun
- Prudent use of technology (deep resistivity measurements downhole, riserless mud recovery, thermal cuttings processing, VLS<sup>3</sup> for pipelay)
- Qualified and experienced project team and project management
- Prudent levels of intervention but not "Step-In"
   responsibility and liability remain with contractor
- Rigid management of change procedures



<sup>&</sup>lt;sup>1</sup> Front End Engineering Design

<sup>&</sup>lt;sup>2</sup> Work Breakdown Structure

<sup>&</sup>lt;sup>3</sup> Vertical Lay System

#### Project status



- FPSO conversion on schedule for 2017 first oil
- Drilling/well programme ahead of schedule
- Excellent reservoir correlation with subsurface expectations
- Further Reservoir upside discovered by Tyrone/Tiree appraisal well to west of field
- Submerged turret/buoy fabricated and installed successfully
- Full 2015 SURF<sup>1</sup> campaign completed under budget
- Drill centre 1 (DC1) fully connected to turret/buoy, one production riser left on DC2
- Project on schedule and under budget
- Total project capex forecast (gross) now \$2.9Bn vs \$3.2Bn at sanction

Subsea Umbilicals, Risers, Flowlines











**Bob Davenport General Manager, Malaysia** 









# Malaysia

#### Ground floor opportunities aligned with our strategy



Decision to leverage EnQuest's proven expertise in managing mature offshore assets by extending footprint beyond the UK

Southeast Asia – and particularly Malaysia – selected as ideal target for next growth hub

#### PM8/Seligi

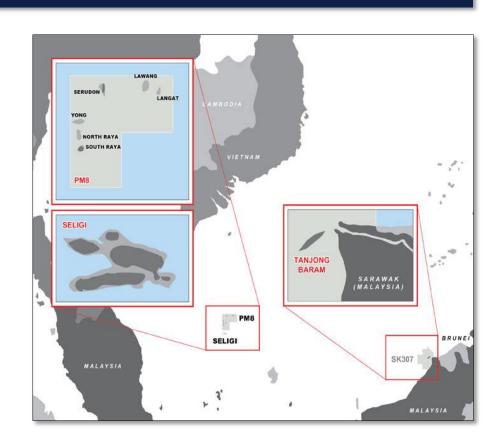
- June 2014 Acquired operatorship and 50% working interest in the Seligi field and PM8 assets
- Signed agreement with PETRONAS to extend PSC term until 2033
- October 2014 Assumed operatorship

#### **Tanjong Baram**

- March 2014 Awarded a Risk Services Contract (RSC) for development and production of the Tanjong Baram field
- June 2015 Achieved first production

#### Aligned with our strategy

- Target maturing assets and undeveloped fields
- Maintain operatorship and high working interest
- Be the development partner of choice

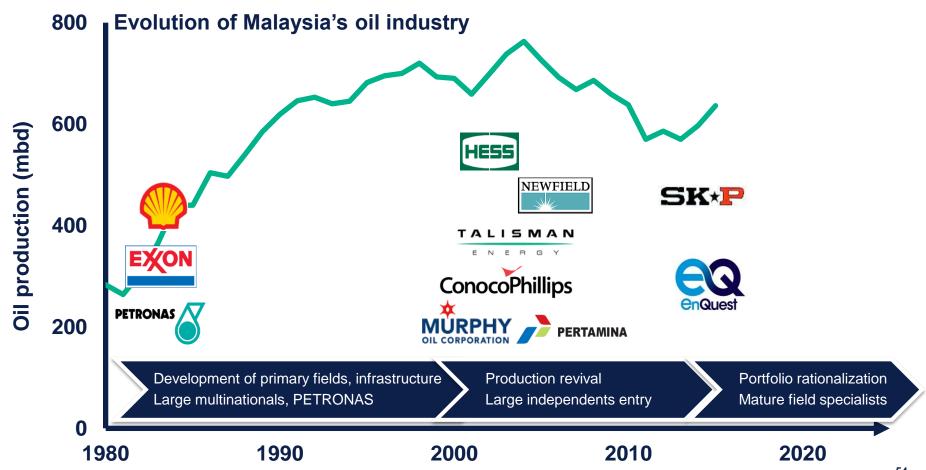


# Malaysia

Right place, right time, right owner



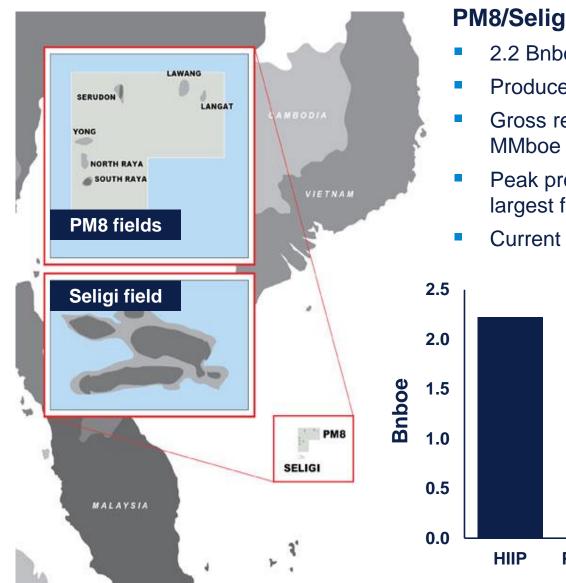
Low operating costs Remaining reserves of c. 8-10 Bnboe World class oil and gas infrastructure Progressive national oil company, regulator Over 3,500 energy sector companies Steady supply of skilled professionals



# **EnQuest Malaysia**

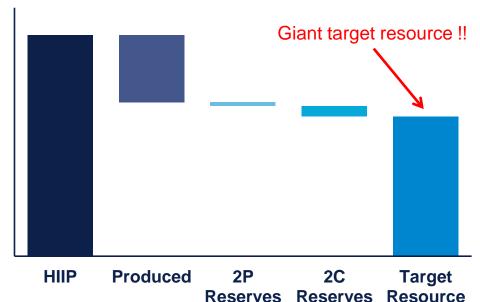
World class resource with significant remaining upside





#### PM8/Seligi fields (50% WI)

- 2.2 Bnboe HIIP
- Produced 680 MMboe (31% recovery factor)
- Gross reserves: 2P 38 MMboe; 2C 105
- Peak production 160,000 Boepd once the largest field in peninsular Malaysia
- Current production 15,000 Boepd gross

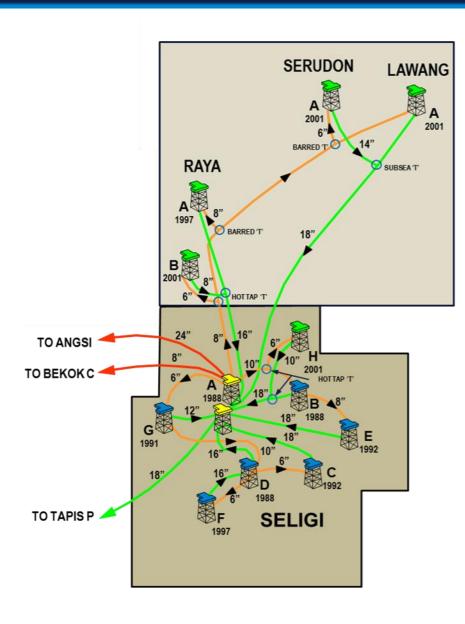


# PM8/Seligi Asset



#### A producing hub with capacity for future growth





#### PM8 fields

- 5 producing fields: Lawang, Langat, Serudon, Yong, North Raya
- 4 unmanned platforms supported from Seligi
- 10 producing, 25 idle oil well strings
- All production flows to Seligi, lift gas from Seligi

#### Seligi field

- 2 manned and 7 unmanned platforms
- 44 producing, 206 idle oil well strings
- Oil export to Tapis

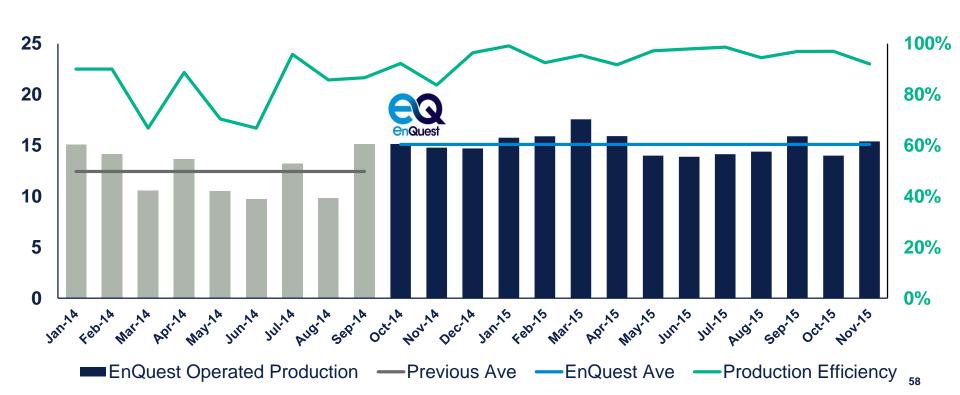
# Seligi A facility



# Improved performance with minimum spend



- EnQuest assumed operatorship October 2014
- Average gross production increased from 12,400 Boepd to 15,100 Boepd (+22%)
- Production efficiency enhanced from 82% to 95% (+13%)
- Improved by focusing on:
  - Facility integrity
  - Gas compressor reliability
  - Idle well restoration



### Ensuring facility integrity for safety and reliability



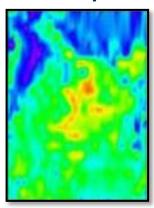
#### PM8/Seligi facilities

- Average asset age 21 years
- 2 manned and 11 satellite platforms
- 370 km of pipelines
- Completed inspections on 236 km pipelines,
   39 pipeline risers, 84 pressure vessels, 9
   underwater structures
- No major integrity issues identified



# Field testing new inspection technology for temporary pipeline wraps







### Improving compressor reliability for higher production efficiency



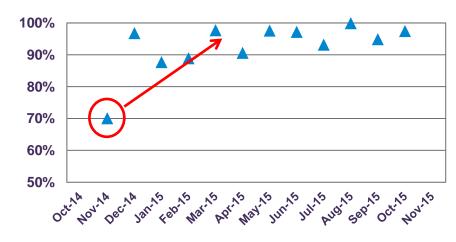
#### October 2014

	Gas Turbine	Power Turbine	Gear Box	Compress or
Train A	Excess hours			
Train B	Excess hours	Seized		
Train C		Excess hours		

#### November 2015

	Gas Turbine	Power Turbine	Gear Box	Compress or
Train A				
Train B	Over			
Train C				

#### Improved compressor availability

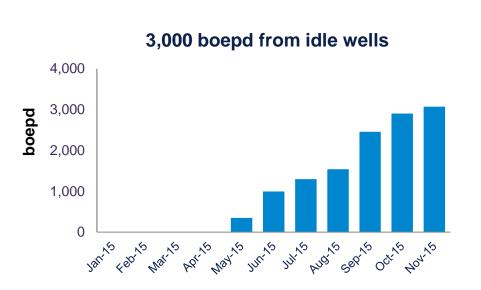


#### Well interventions have already added 3,000 Boepd from idle wells



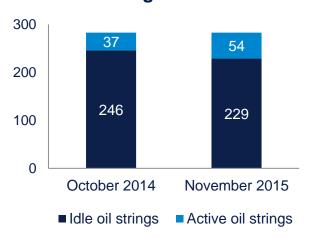
#### 2015 campaign

- Added 3,000 Boepd gross by restoring idle wells to production
- Focus on mechanical jobs only sand cleanout, gas lift reinstatement, surface valve repairs
- Reservoir surveillance to support future work
- Reinstated 6 well test facilities
- Future campaigns will also include new zone perforations and water shut-off
- Well interventions have very quick payback



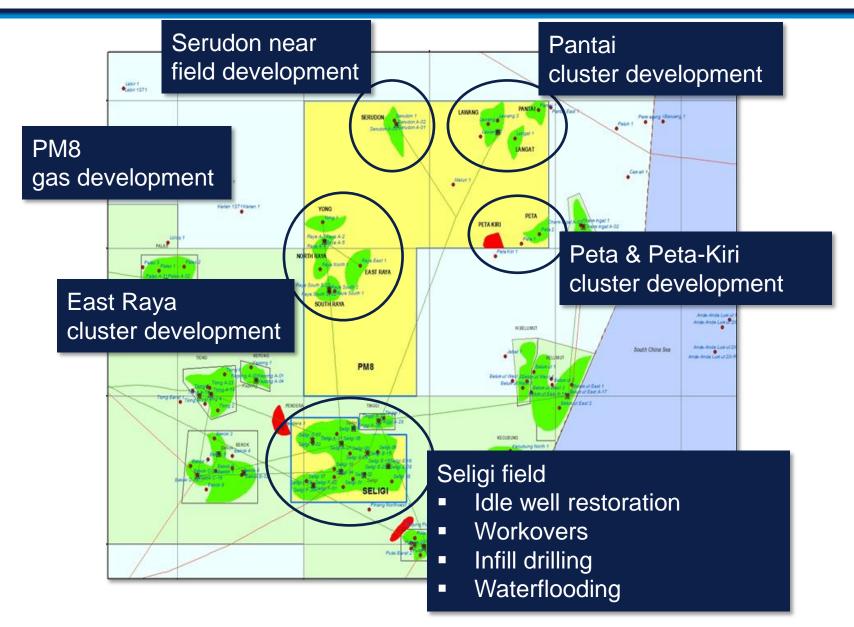


#### 200+ idle strings still under review



# Multiple avenues for growth





Forward work plans to convert contingent resource to production\*



	2015	2016	2017	2018	2019	2020	
Inspections, repairs, maintenance							
Well interventions			I		I		
Seligi water injection							
,							
Seligi infill drilling							
20.1g ag							
PM8 fields appraisal & infill drilling							
Seligi seismic							

<sup>\*</sup>Subject to PETRONAS approval

#### World class resource with significant remaining upside



- Seligi discovered in 1971; first oil in 1989
- 1.9 Bnbbl STOIIP; produced 560 MMbbl
- Recovery factor 30% to date
- Peak production 160,000 Boepd in 1995
- Current production 10,000 Boepd gross
- 44 active and 206 idle oil well strings

OIL GAS	
<ul> <li>DEVELOPMENT WELL</li> <li>PLATFORM (Startup Year)</li> </ul>	
Tour Carry	(2001)
G (1992)	
	(1986) B
North (	
C. L=20m 2 Km	D <sub>2</sub> (1989)
(1997)	(1993)
	Control of the contro

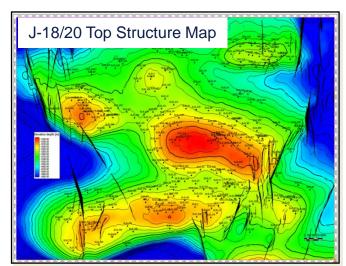
#### Oil in place, Seligi reservoir RF to date **MMbbl** J-18/20 715 42% J-15/16 31% 389 L-20 207 26% K-20 198 23% K-10 113 33% Other Reservoirs 2% 255

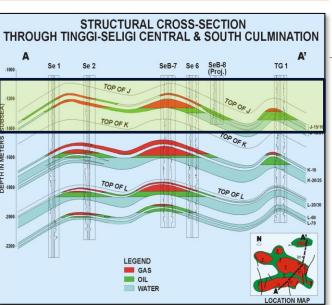
#### Seligi options for improving recovery

- Idle well restorations
- Workovers and recompletions
- Infill drilling all reservoirs
- Waterflooding J-15/16/18/20 reservoirs
- Horizontal drilling Minor 'J', 'K' and 'L' reservoirs

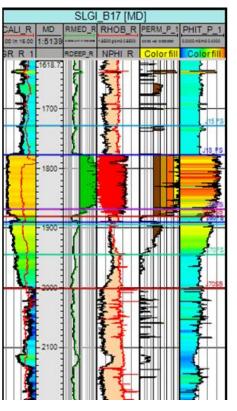
J-18/20 reservoir: surveillance drives recompletions, infill drilling and waterflooding









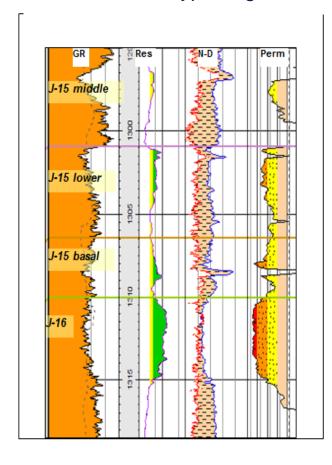


- Seligi field's largest reservoir, J-18/20, has c. 715 MMbbl STOIIP
- Recovery to date is 42%
- Excellent to marginal quality sandstone:
  - Porosity: 21% 27%
  - Permeability: 50 md 2500 md
  - Weak-moderate aquifer drive with gas cap and gas reinjection
- Plan to target for recompletions, infill drilling and waterflooding
- Surveillance logging and seismic to determine gas-oil-water contacts
- Redevelopment potential:
  - An additional 10% RF would yield c. 70 MMbbls

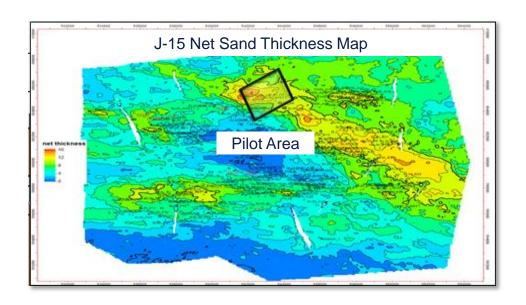
#### J-15/16 reservoir pilot to evaluate Seligi waterflooding potential



#### J-15/16 Type Log



- The J-15/16 reservoir has c. 390 MMbbl STOIIP
- Recovery to date is 31%
- Thin, laminated sandstone:
  - Porosity ~21%; permeability ~ 250 md; net sand 3 m 8 m
  - Weak-moderate aquifer drive, thin gas cap with reinjection
- Pilot waterflood, utilizing existing shut-in wells, for evaluation prior to broader implementation
- Redevelopment potential:
  - Each additional 10% increment in RF yields c. 40 MMbbls

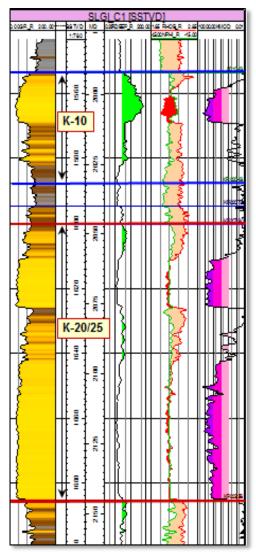


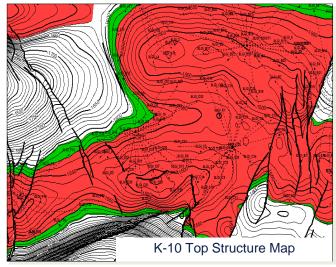
### Targeting 'K', 'L' and minor 'J' reservoirs for infill and horizontal drilling

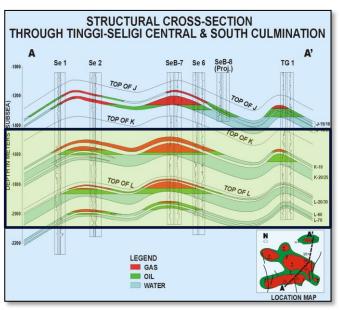


- Collectively, the 'K', 'L' and minor 'J' reservoirs have c.
   775 MMbbl STOIIP
- Recovery to date is only 18%
- Typical layer characteristics:
  - Porosity: 15% 22%
  - Permeability: 100 md 500 md
  - Net sand thickness: 3 m –
     20 m
  - Oil column: 12 m 26 m
  - Weak-moderate aquifer drive with gas cap
- Ideal targets for recompletions, infill and horizontal drilling
- Redevelopment potential:
  - Each additional 10% increment in RF yields c. 80 MMbbls

#### K-10/20/25 Type Log





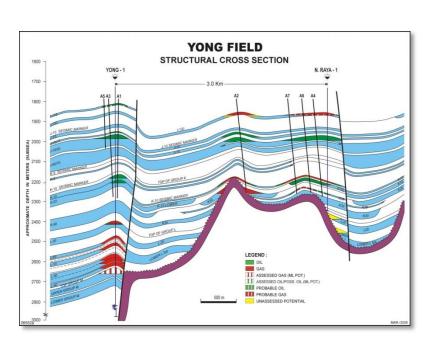


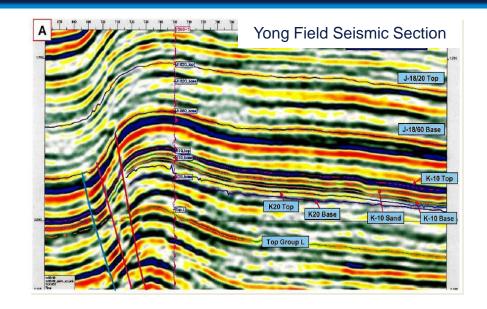
#### PM8 fields

#### Ongoing field reviews and remapping following 2013 seismic survey



- 5 producing and 3 undeveloped fields
- 348 MMboe HIIP; produced 120 MMboe
- Recovery factor 34%
- First oil in 1998; peak production 50,000
   Boepd in 2003
- Current production 5,000 Boepd gross
- 10 active and 25 idle oil well strings





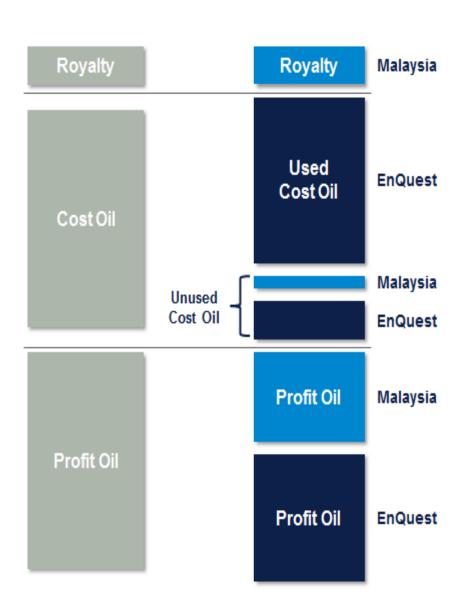
#### PM8 options for improving recovery:

- Remapping from 2013 seismic survey
- Idle well restoration
- Workovers and recompletions
- Infill / appraisal drilling
- Pantai cluster development
- Gas development

# The PM8/Seligi production sharing contract

Revenue-Over-Cost PSC model





- Royalty is 10%
- The remaining oil is split between cost and profit oil based on R/C ratio
- Cost oil is used to pay EnQuest's costs
- Profit oil and unused cost oil is divided among EnQuest and Malaysia
- Profit oil is subject to supplemental tax, which increases at higher oil price
- Corporate tax rate 38%

Cumulative R/C ratio	Cost oil ceiling	EQ share unused cost oil	EQ share profit oil
R/C ≤ 1.0	70%	80%	80%
1.0 < R/C ≤ 1.4	60%	80%	70%
1.4 < R/C ≤ 2.0	50%	70%	60%
2.0 < R/C ≤ 2.5	30%	60%	50%
2.5 < R/C ≤ 3.0	30%	50%	40%
R/C > 3.0	30%	40%	30%

# The PM8/Seligi production sharing contract

A natural hedge against oil price





Malaysia take c. 26%

Malaysia take c. 31%

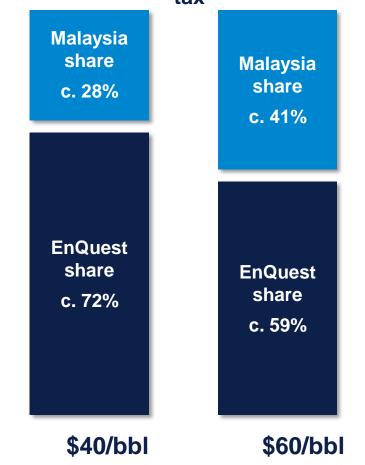
EnQuest entitlement c. 74% EnQuest entitlement c. 69%

\$40/bbl

\$60/bbl

Example at R/C = 1.70 and costs = \$20 per barrel

# Share of production after supplemental tax



Supplemental tax = 70% of the difference between oil price and the base oil price

# **Tanjong Baram Asset**

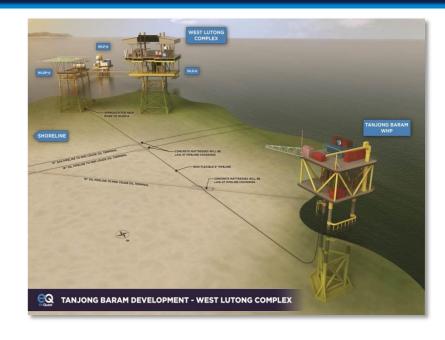


# **Tanjong Baram field**

### Leveraging EnQuest's proven execution capability



- EnQuest (operator, 70%), UZMA (30%)
- Developed under a risk services contract (RSC)
- Located 6 km off the coast of Miri, Sarawak in 10 m water depth
- Wellhead platform with 2 wells tied-back to West Lutong complex via 8 km flexible pipeline
- Net project capital \$80 million
- Net recoverable oil 3.5 MMbbl.
- Field operating costs \$6/boe







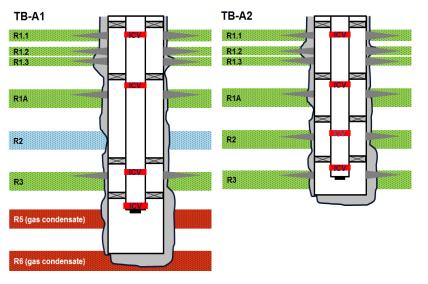


# **Tanjong Baram field**

First oil production in only 14 months



#### Net pay exceeded pre-drill expectations



- March 2014 signed RSC
- Feb 2015 platform substructure installed and spud of first well
- April 2015 completed installation of subsea pipeline
- May 2015 platform topsides installed
- June 2015 initial production
- 700,000 man-hours with no accident or injury
- Currently producing c. 1,800 net Boepd







# **Tanjong Baram fiscal terms**

Based on the risk services contract (RSC) model

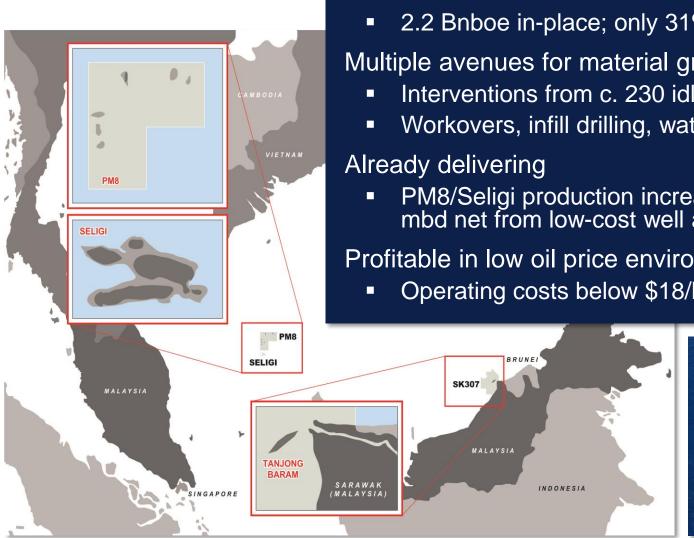


	Comparison between RSC and PSC models	
	Tanjong Baram RSC	PM8/Seligi PSC
Production entitlement	Production belongs to PETRONAS	EnQuest production entitlement from cost oil and profit oil
Reserves	Ownership retained by PETRONAS EnQuest books reserves	
Cost reimbursement	Reimbursed from allocated revenue (70%) EnQuest recovers costs in-kind	
Profit	EnQuest is paid a remuneration fee based on performance EnQuest takes profit in-kind after royalty a cost recovery	
Supplemental payment	N/A	Paid only on profit oil; rate increases with higher oil prices
Taxes	Petroleum income tax rate 25% Corporate income tax rate 38%	
Abandonment	Obligation with PETRONAS EnQuest makes annual payments to abandonment fund	
Term	Expires 2023 Expires 2033	
Investment protection	If field reaches economic limit, PETRONAS will reimburse unrecovered capex and opex	

## **EnQuest Malaysia**

World class resource; sustainable growth





2.2 Bnboe in-place; only 31% recovered to date

Multiple avenues for material growth

- Interventions from c. 230 idle strings
- Workovers, infill drilling, waterflood

PM8/Seligi production increased by 22% to 7.5 mbd net from low-cost well and facilities work

Profitable in low oil price environment

Operating costs below \$18/boe



# Summary





# Strategic priorities in a low oil price environment

Operating on the assumption of lower for longer





Delivering on execution



Streamlining operations

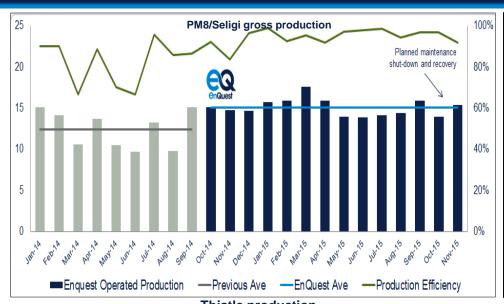


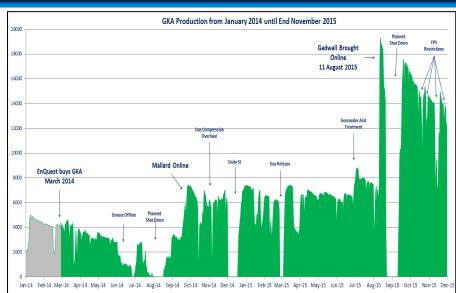
Strengthening the balance sheet

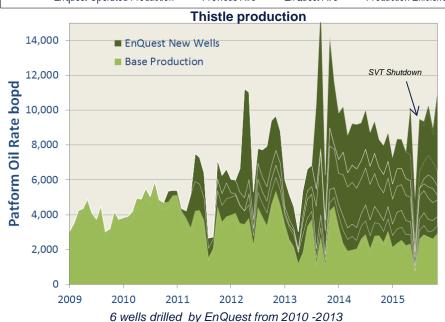
# EnQuest is the company to turn maturing assets around



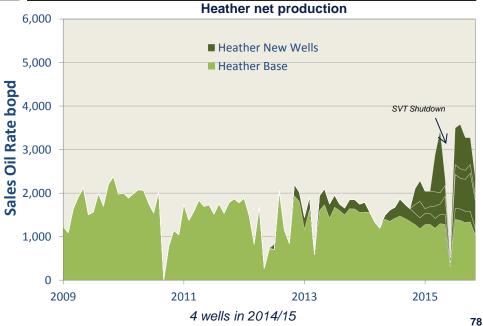








4 further wells drilled in 2015, 2 workover

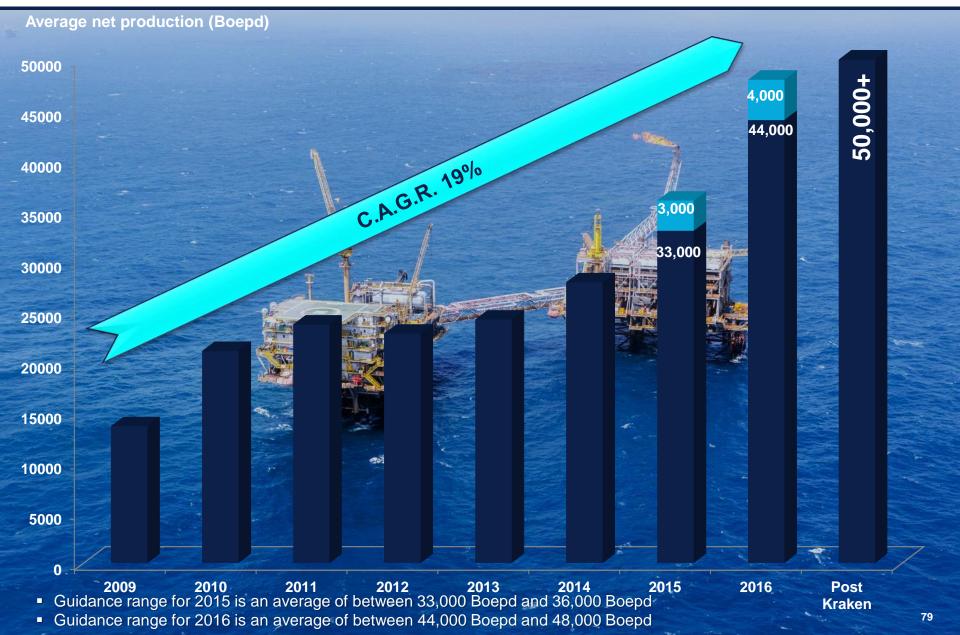


## Repositioned for resilience now and for sustainable growth

# Delivering strong compound annual growth rates









## Thistle/Deveron



Heather/Broom







Alma/Galia EnQuest Producer



# **Delivering sustainable growth**

On course for over 50,000 Boepd



Exploiting our existing reserves

Dons, Thistle/Deveron, Heather/Broom, Alba



Commercialising & developing discoveries

Ythan



Scolty/Crathes Alma/Galia Kraken PM8/Seligi

Converting contingent resources into reserves

Greater Kittiwake Area, PM8/Seligi

Making selective acquisitions

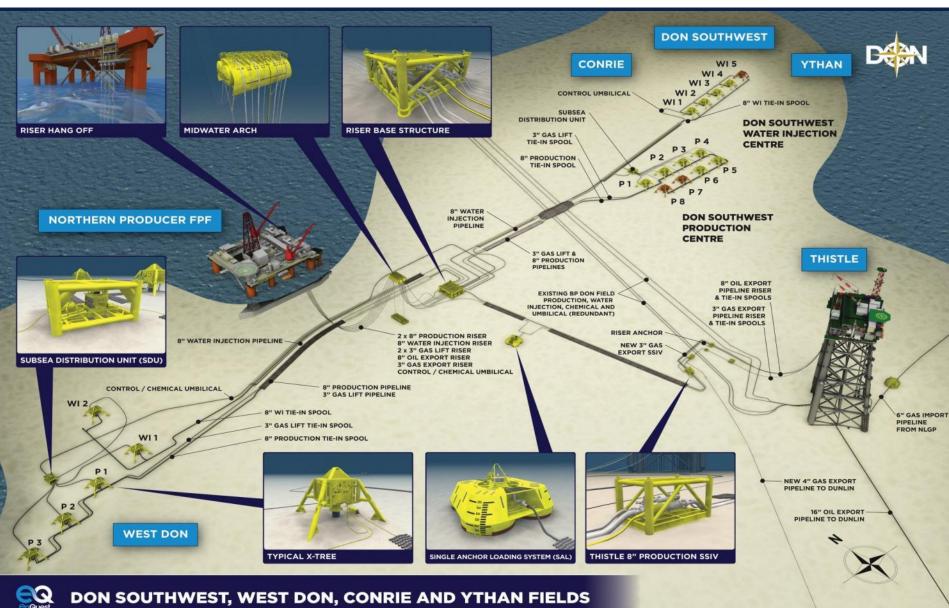
# **EnQuest's growing North Sea asset base** As at 30th June 2015



Licence	Block(s)	Name	
P073	21/12a	Goosander	The Dons Thistle / Deveron
P213	16/26a	Alba	Thistle / Deveron developments Discoveries
P236	211/18a & b	Thistle, Deveron, Don SW, Conrie, West Don	Heather/Broom  Other licences
P238	21/19a & 21/19b	Grouse, Mallard, Gadwall	
P242 / P902	2/4a & 2/5a	Broom & Heather	
P351	21/18a	Kittiwake	
P475	21/19s	Thistle	
P1077	9/2b	Kraken & Kraken North	
P1200	211/13b	West Don	Kraken
P1765 / P1825	30/24c & 25c, 30/24b	Alma, Galia	
P2137	211/18e & 19c	Ythan	J. J
P1107 / P1617	21/8a, 21/12c & 13a	Scolty, Crathes	
P2006	21/6b	Avalon	
P90	9/15a		Stavanger
P209	9/28a		
P220 / P250 / P585	15/12b, 17a & 17n		
P1214 / P1892	16/2b & 3d		
P1463 / P1991	14/30a & 14/30c		
P1968	2/10a, 3/6a & 3/11c		Alfa
P1976	8/5 & 9/1b		Avalon Scotty Crathes
P1996	28/2b & 28/3b		
P2005	22/11b		Greater Kittiwake Area
P2084	21/7a		Greater Intilwake Area
P2143	3/1b		
P2148	9/2c		
P2173	20/15, 21/11 & 21/16		
P2176	21/8b		
P2177	21/14b, 19c & 20b		
P2201	211/13c & 211/18c		Alma/Galia 82
P2201	211/13c & 211/18c		Alma/Galia 82

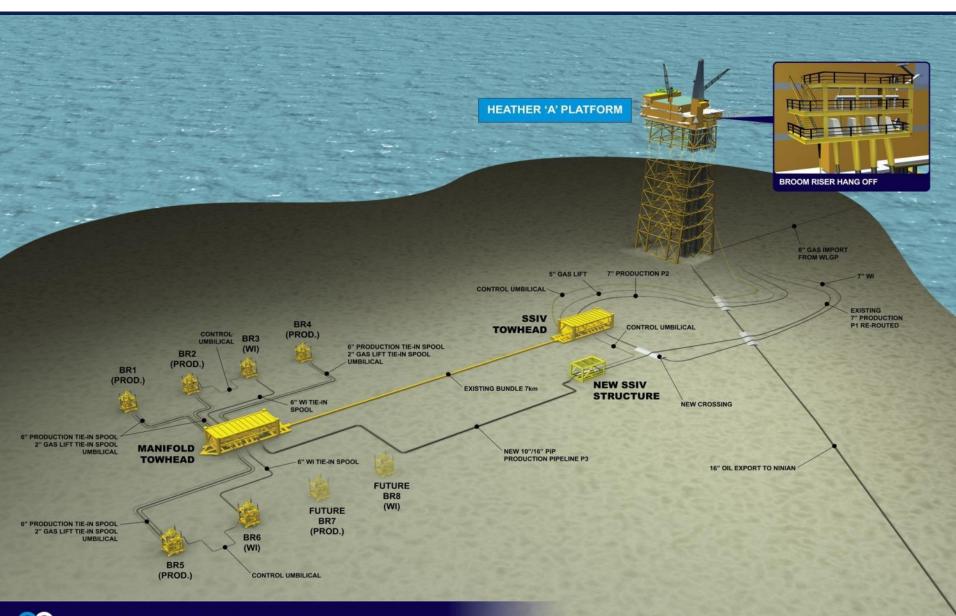
# Thistle, Conrie and The Dons infrastructure





# **Heather / Broom infrastructure**





## The EnQuest Team

## Biographies





#### **Amjad Bseisu, Chief Executive**

Amjad Bseisu holds a BSc Honours degree in Mechanical Engineering and an MSc and D.ENG degree in Aeronautical Engineering. From 1984 to 1998, Amjad worked for the Atlantic Richfield Company (ARCO), eventually becoming president of ARCO Petroleum Ventures and ARCO Crude Trading Inc. In 1998 Amjad founded the operations and investment business for Petrofac Limited and was the chief executive officer of Petrofac Energy Developments International Limited. In 2010 Amjad formed EnQuest PLC having previously been a founding non-executive director of Serica Energy plc and Stratic Energy Corporation. Other principal external appointments: Non-executive chairman of Enviromena Power Systems, a private company and the leading developer of solar services in the Middle East.



#### Jonathan Swinney, Chief Financial Officer

Jonathan Swinney qualified as a chartered accountant with Arthur Andersen in 1992 and is a member of the Institute of Chartered Accountants of England and Wales. Jonathan qualified as a solicitor in 1997 and trained at Cameron McKenna, joining the acquisition finance team upon qualification. In 1998 Jonathan joined Credit Suisse First Boston working within the corporate broking team. Jonathan later moved to Lehman Brothers advising on a wide range of transactions and in 2006 he became a managing director within the corporate broking team. Jonathan joined Petrofac Limited in April 2008 as head of mergers and acquisitions for the Petrofac Group, and left in 2010 to join EnQuest PLC.



#### Neil McCulloch, President, North Sea

Neil is a graduate of Cambridge University and Heriot Watt University and holds a Master's degree in Petroleum Engineering. He began his career as a graduate trainee with British Gas E&P and from 1996-2001 worked in a variety of technical consultancy and investment banking roles. He then went on to spend 11 years with BG Group in a range of senior UK and international roles, latterly as Vice President & Asset General Manager, UK Upstream, with accountability for the delivery of BG's UK North Sea business. Neil joined EnQuest in March 2014 from international oil and gas company OMV AG, where he held the global role of Senior Vice President Production & Engineering.

### The EnQuest Team

## Biographies





#### Richard Hall, Head of Major Projects

Richard Hall graduated from Leeds University with a BSc in Chemical Engineering and spent the first 10 years of his career gaining experience with operating oil companies (Amoco, Hess and Murphy Petroleum) as a supervisor in offshore field operations, petroleum engineering, project management and execution, and commercial negotiations. Richard was one of four founders and operations director of the service company UWG Ltd (now known as Acteon Group) which won the Institute of Petroleum Platinum award in 2001. He formed and led a team which won the prestigious Queen's Award for Export. He subsequently went on to join Petrofac as vice president of operations & developments and in addition, became general manager in Malaysia. Before joining EnQuest Richard was CEO and co-founder of Nio Petroleum which was acquired by EnQuest in 2012 with Richard joining the Senior Management Team as Head of Major Projects. His primary responsibility is the delivery of the Kraken project.



#### **Bob Davenport, General Manager, Malaysia**

Bob graduated from the University of Alabama with a BS in Mineral Engineering and earned an MBA from Florida International University. He began his early career in 1984 as a field engineer with Schlumberger; then gained broad international experience in petroleum engineering, project management, subsurface, operations and general management with Texaco, Shell, BP and Apache Corporation. In previous roles he has worked in Indonesia, Egypt, Pakistan, Kuwait, The United Arab Emirates, UK North Sea and USA Gulf Coast. Prior to joining EnQuest, Bob served as North Sea Operations Director for Apache and General Manager, Khalda where he led the largest oil and gas producer in Egypt's western desert. Bob joined EnQuest in 2015 and is responsible for delivering the ambitious growth agenda in Malaysia.

# **Forward Looking Statements**



This presentation may contain certain forward looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, costs, revenues, reserves and other trend information. These statements and forecasts involve risk and uncertainty because they relate to events and depend upon circumstances that may occur in the future. There are a number of factors which could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements and forecasts. The statements have been made with reference to forecast price changes, economic conditions and the current regulatory environment. Nothing in this presentation should be construed as a profit forecast. Past share performance cannot be relied on as a guide to future performance.

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