



ENQUEST PLC.

Kraken First Oil
26 June 2017

EnQuest confirms that first oil from the Kraken development was delivered on 23 June 2017. During the initial ramp-up period, the 13 wells that have been drilled and completed to date, comprising 7 producers and 6 injectors, are being brought online in a phased manner, to maximise long term productivity and value.

EnQuest CEO, Amjad Bseisu said:

“EnQuest is delighted to confirm that first oil has been achieved on the Kraken development, delivered on schedule and under budget. Drill centres 1 and 2 are fully complete and work continues on drill centre 3; as a result, further production capacity will come online into 2018 as these further wells are put onstream.

Kraken is a transformational project, made possible by EnQuest’s differential capabilities; the right mix of integrated technical capabilities, high levels of efficiency and cost discipline. With production from Kraken, EnQuest is moving from a period of heavy capital investment, to a focus on cash generation and deleveraging the balance sheet.

A further update and additional analysis will be provided with EnQuest’s 2017 half year results.”

EnQuest’s Head of Major Projects, Richard Hall said:

“The achievement of producing first oil from Kraken on schedule and considerably under budget is a great testament to the capabilities of EnQuest. I am extremely proud of the EnQuest Kraken team for their dedication, vision and sheer hard work and thank them for this exceptional performance. Our approach of rigorous planning, simplification of specifications and clarity in execution methodology has enabled us successfully to deliver this highly complex project.”

UK Business and Energy Secretary Greg Clark said:

“This is a landmark project for EnQuest and the UK oil and gas sector as one of the largest new oil fields to come on-stream in the North Sea in a decade. This has been made possible through significant UK government support to encourage investments of this type in the North Sea, supporting thousands of highly-skilled jobs.

We’ll continue to build on this support for the oil and gas sector as it looks to seize the significant opportunities that lie ahead.”

UK Oil & Gas Authority Chief Executive, Dr Andy Samuel said:

“As one of the most significant oil field projects in the UK Continental Shelf, successful production from Kraken is positive news for the whole basin. It has the potential to open up additional heavy oil opportunities in the Northern North Sea, with other developments in the pipeline. It’s particularly pleasing to see a project delivered under budget, having clearly benefitted from a strong partnership between operator and key service providers.”

Ends

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Notes to editors

This announcement has been determined to contain inside information.

THE KRAKEN DEVELOPMENT: Facts and figures

- Kraken is a large heavy oil accumulation in the UK North Sea, located in the East Shetland basin, to the west of the North Viking Graben, approximately 125 km east of the Shetland Islands
- The field contains c.128 MMboe of gross 2P reserves, making it one of the largest new oil fields to come onstream in the North Sea since Buzzard
- Gross peak oil production expected to be approximately 50,000 barrels of oil per day
- The gross capital costs of the development are currently estimated to be approximately \$2.5 billion, down from \$3.2 billion at the time the project was sanctioned; good planning and project execution including good progress on drilling and on the execution of the subsea programme were key factors in the capex savings. Drilling and formation evaluation have shown excellent correlation with pre-sanction subsurface expectations
- EnQuest has an interest of 70.5% in Kraken, with its partner in the development Cairn Energy PLC having the balancing 29.5%
- Kraken is EnQuest's seventh operated production hub
- At the time the development was sanctioned, using Oil and Gas UK's reporting metrics it was estimated that the development would support more than 20,000 UK jobs during the construction period of the project and an average of approximately 1,000 operational jobs in the UK for each year of the Kraken field's life of over 20 years
- The Kraken FPSO vessel has the largest liquid handling capacity in the UKCS.
- Other field details: Field area ~ 12 x 3.5 km: Water depth of c.110m

ENQUEST

EnQuest is one of the largest UK independent producers in the UK North Sea. EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm. Its operated assets include Thistle/Deveron, Heather/Broom, the Dons area, the Greater Kittiwake Area, Scolty/Crathes and Alma/Galia, also the Kraken development; EnQuest also has an interest in the non-operated Alba producing oil field. At the end of December 2016, EnQuest had interests in 25 UK production licences, covering 35 blocks or part blocks and was the operator of 23 of these licences.

EnQuest believes that the UKCS represents a significant hydrocarbon basin, which continues to benefit from an extensive installed infrastructure base and skilled labour. EnQuest believes that its assets offer material organic growth opportunities, driven by exploitation of current infrastructure on the UKCS and the development of low risk near field opportunities.

EnQuest is replicating its model in the UKCS by targeting previously underdeveloped assets in a small number of other maturing regions; complementing its operations and utilising its deep skills in the UK North Sea. In which context, EnQuest has interests in Malaysia where its operated assets include the PM8/Seligi Production Sharing Contract and the Tanjong Baram Risk Services Contract.

Forward looking statements: This announcement may contain certain forward-looking statements with respect to EnQuest's expectation and plans, strategy, management's objectives, future performance, production, reserves, costs, revenues 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.

Glossary

DC Drill centre
ESP Electrical submersible pump
FPSO Floating production, storage and offloading vessel