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**MX Oil plc (“MX Oil” or the “Company”)  
Update on Four Awarded Mexican Onshore Concessions**

MX Oil, the AIM quoted oil and gas investing company, is pleased to provide further details on the four Land Contract Areas (“LCAs”) it was awarded, alongside its local partner Geo Estratos (“Geo”), during the third phase of the Bid Round 1 Licensing Round for onshore conventional concessions in Mexico (see announcement of 16 December 2015). In line with the Company’s focus on proven conventional fields, all four LCAs are located in the prolific Tampico-Misantla Basin, which has to date produced around six billion barrels of oil and currently produces approximately 70,000 barrels of oil per day (“bopd”).

The four LCAs awarded to the MX Oil/Geo JV, comprising Tecolutla, La Laja, Ponton, and Paso de Oro, all have previously discovered but underexploited fields. These were largely explored and developed using 2-D seismic data and produced from vertical wells at rates of up to 2,528 bopd. MX Oil and Geo believe that by using 3-D seismic data, drilling horizontal wells and applying other recovery enhancement techniques, multiple low risk opportunities exist to maximise the recovery of reserves and significantly increase flow rates. The Company intends to commission a Competent Person’s Report (“CPR”) in the near-term to confirm the investment potential of the four awarded LCAs.

The Company provides the following information on the LCAs which has been extracted from the dataroom of the National Hydrocarbons Commission (“CNH”):

**Tecolutla**

- El Abra Cretaceous reef reservoir discovered in 1956 and last drilled in 1973 – forms part of The Golden Lane fields which have produced in excess of 4 billion barrels
- Historic Tecolutla production of 1.9 million barrels of oil (“MMbo”) of oil and 1.7 BCF of gas up to January 2014 from vertical development wells with limited completion intervals at top reservoir
  - Total production per well of 0.3-0.5 MMbo
  - Maximum production of 932 bopd achieved in 1972
  - Oil gravity API: 28
- Currently producing from one well, Tecolutla 2; two further reusable wells, Tecolutla 7 and 9, which are currently closed in
- 3-D seismic survey acquired and processed following the drilling and completion of the Tecolutla wells
- Significant field development potential:
  - Horizontal wells drilled at reservoir crest expected to significantly enhance production and recovery rates

- Additional upside to the North West and West identified from 3-D seismic

### **La Laja**

- KTI Lower Cretaceous reservoir discovered in 1966 and last drilled in 1987
- 1996 study carried out by Pemex indicates reserves of 7.44 MMbo in KTI Cretaceous and a further 5.67 MMbo in Tertiary
- Five previously drilled wells are potentially reusable: 1B; 6A; 8; 9; and 10
  - 1,612 bopd achieved from La Laja 6A well
- Oil gravity API: 29
- Historic development based on 2-D seismic and drilling vertical wells at 360 acres (1.5 km<sup>2</sup>) spacing
- Significant field development potential:
  - Acquire 3-D seismic data to identify natural fractures in the carbonates and channel sands in the Tertiary
  - Drill horizontal wells to target productive features, orientation to be optimised to enhance production and recovery rates
  - Surrounding exploration acreage to be licensed in the future

### **Ponton**

- Two formations discovered: San Andreas (Upper Jurassic); Lower Cretaceous KTI Karstification Zone
- San Andreas:
  - Historic cumulative production of 0.623 MMbo at a recovery factor of 13% from vertical development wells that were targeted with 2-D seismic
  - Remaining reserves of 2.107 MMbo according to 1993 Pemex study
  - Strong water drive
  - Oil gravity API: 33
- Lower Cretaceous KTI Karstification Zone:
  - Reserve potential of 11.8 MMbo on 25 km<sup>2</sup> as quoted by CNH
  - Historic recovery factor of 13% up until 1999 when the field was closed in due to transportation issues
- Significant field development potential:
  - Acquire 3-D seismic to identify optimal well locations
  - Drill horizontal wells to target productive features, orientation to be optimised to enhance production and ultimate recovery rates
  - Surrounding exploration acreage to be licensed in the future

### **Paso de Oro**

- KTI Lower Cretaceous reservoir discovered in 1959 and last produced in 2014
- Initial production of 2,528 bopd for Paso de Oro 1 well which has reuse potential
- Historic development based on drilling vertical wells ahead of seismic acquisition

- Field produced 187 bopd in 2007: total production of 0.23 MMbo before shut in as quoted by CNH – many years of production not reported
- Oil gravity API: 28
- 3-D seismic survey recently acquired
- Significant field development potential:
  - Suspected presence of KTI Lower Cretaceous carbonate sands (oolites) play to the SE of Paso de Oro 1
  - Potential for multiple additional plays on the block
  - Surrounding exploration acreage to be licensed in the future

**MX Oil’s Chief Executive Officer Stefan Olivier said,** “The four concessions awarded to our JV are located in a prolific basin and all have exhibited historic production and recovery rates from vertical wells based on 2-D seismic. Drilling and seismic techniques and technologies have progressed significantly since these fields were first discovered and developed, as evidenced by the transformation of the US energy sector in recent years. By applying advanced technology and techniques such as 3-D seismic surveying and drilling horizontal wells, there is a clearly defined and low risk route to increase the reserves and production profiles of all four fields. This is before the exploration and development of new targets, which either have been or will be identified using 3-D seismic.

“The potential of these blocks will be independently assessed in a CPR, which we intend to commission in the near term. As well as the JV having a highly experienced technical team on the ground in Mexico, we now have these four quality assets, all of which were among our primary targets. We now have the key elements in place to build a leading Mexican focused oil and gas investing company, and I look forward to providing further updates on our progress.”

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