

OPERATIONAL UPDATE

Regal, the AIM-listed (RPT) oil and gas exploration and production group, is pleased to provide an update on its drilling programme in Ukraine where the Company is developing the Mekhediviska Golotvshinska (MEX-GOL) and Svyrydivske (SV) gas and condensate fields.

MEX-106 testing and production

MEX-106, the first new generation well, was drilled to a total measured depth of 6,020 metres and passed through Carboniferous B-sand (Visean) and T-sand (Tournaisian) intervals. It also penetrated Devonian D-sand intervals toward the bottom of the well.

The main objective of the well was to develop the primary production of the B-sand sequence. An aggregate of 55 metres of B-sand perforations (B20, B22 and B23 layers) have been completed between depths of 4,800 and 5,250 metres, accessing 33 metres net reservoir as defined by wireline logs.

The secondary objective of the well was to appraise potential reservoirs in the T-sand interval encountered between depths of 5,537 and 5,830 metres. Based on the log response, an aggregate of 16 metres of T-sand perforation intervals (T1, T2, T3 and T4 layers) have been identified to access 11 metres of net reservoir.

The wireline logs of the Devonian section between 5,830 metres and the bottom of the well at 6,020 metres define an aggregate of 31 metres of D-sand perforation intervals (D3 layer) to access 27 metres of net reservoir.

The well has been completed, hooked up and the production test programme is underway. The B22 and B23 sections were opened to flow on the 11th of September, and a mixture of reservoir gas and completion fluid (diesel) was recovered to surface before the well stopped flowing when the completion brine column reached the surface. Nitrogen lift was therefore deployed using coiled tubing late on 18th September and MEX-106 commenced flowing naturally to the flare on 20th September. On 21st September, the B22-B23 production stream was diverted to flow gas and water through the test separator. It is estimated that a further 4 to 5 days flow will be required to fully unload and clean-up the well bore to then provide a stable rate. The unloading will remove the backpressure exerted by the weight of the fluid in the borehole that is acting on the reservoir and constraining gas flow. This in turn should allow gas production to develop towards the expected rate for the B22-B23.

The B20 interval will be added to the production stream by opening downhole access equipment, and further well intervention activities will then be conducted to enable the testing and perforation programme to continue to determine the relative proportion of the gross production attributable to each of the B-sand, T-sand and D-sand flowstreams.

An update on this well's aggregate production will be provided once the above operations have been completed.

SV-58 completion and hook-up

The second of the new generation wells, SV-58, has been drilled to a measured depth of 6,309 metres. The well has been logged and the final liner section is being run prior to completion. SV-58 was spud on 26th February 2009 in the SV field adjacent to the MEX-GOL field and penetrated the B-, and T-sand sequences essentially as expected, in addition to the D-sand.

The well also encountered a newly discovered limestone reservoir (the "B24 limestone") which delivers production from an offset field to the west of Regal's licences. Log data have identified 20 metres of net reservoir planned for perforation in the B24 interval 5,498 - 5,581 metres. From a depth of 5,498

metres, near the top of the B24 limestone, Regal's well engineering team have had to cope with gas influx into the well bore during drilling operations on several occasions. The well has kicked twice and each gas influx has had to be circulated out to stabilise the well in order to maintain safe control of the gas and well. These essential operational procedures will inevitably result in a delay to the start-up of this challenging well beyond the planned date of end October.

Nevertheless, target depth has been safely reached, and the lower section logged down to 6,003 metres which denotes the top of the T4 sand. The base of the T5 objective is located at 6,124 metres, and the D3 interval was encountered from 6,124 metres to the bottom of the well at 6,309 metres.

On 20th September, the well had to be closed in again owing to an additional gas influx. SV-58 appears promising, but the well has shown higher than anticipated pressure to date and thus requires significant operational maintenance. The well is now moving into its completion, test and production hook-up phase and an update on this well will be provided once this critical phase has been completed.

SV-61 drilling

The third new generation well, SV-61, was spud on 5th September 2009 and Rig 5914 has made good progress to its present depth of 2,203 metres. This rapid progress is a direct result of the learning curve effects from drilling MEX-106 and SV-58, and will deliver savings in both cost and time.

SV-66 drilling preparation

The location site of the fourth new generation well, SV-66, is close to readiness to accept Rig 5915 once it has completed the SV-58 operation.

David J Greer, CEO of Regal, commented:

"We are pleased that our team is meeting its significant operational challenges safely, while applying all lessons learned during the course of drilling MEX-106 and SV-58, in order to deliver both production growth and savings in drill time and cost.

We are especially pleased to have encountered and appraised the B-sand reservoir as planned, and to have confirmed upside potential in the T-sand as well as the newly discovered D-sand and B24 limestone sequences which have hitherto not been tested in our licences.

The gas encountered in SV-58 appears potent and, whilst encouraging, it must continue to be treated with the highest degree of safety awareness throughout the ongoing well completion and testing phase to determine its deliverability and commerciality".

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Ronan McElroy, PhD Geology, SPE, Chief Technologist of Regal Petroleum plc, has reviewed and approved the technical information contained within this press release in his capacity as a qualified person, as required under the AIM Rules.

Definitions:

Metres	All thicknesses and depths rounded to the nearest whole metre
m^3	standard cubic metres
m^3/d	cubic metres per day
psi	pounds per square inch
in	inch