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## Press Release

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**Regal Petroleum plc**  
("Regal" or the "Company")

20 January 2010

### OPERATIONAL UPDATE

Regal, the AIM-listed oil and gas exploration and production group (symbol: RPT), announces a further update on its drilling and production operations in the Ukraine.

#### MEX-106 WELL

A wireline tubing cutter is currently awaiting import approval to begin operations to remove the small remaining 3m section of the "fish", following the successful retrieval of the main section last month. This will then enable the T-sand and D-sand abrasive perforation and test programme to resume in February 2010, with the aim of adding production from these horizons to the existing flow in this well, which is currently producing from the B-sands only.

#### SV-58 WELL

Equipment is currently being mobilised, including 6,200m of coiled-tubing, for deployment to access and enable perforation, using the abrasive perforating technique, of the remaining 75m of target reservoir in the B-sands during February 2010.

#### SV-61 WELL

A 5m sandstone core was successfully recovered from the T-sands at an interval depth of 5,961m – 5,966m. On re-entering the well, difficulties were encountered preventing further progress. Given that the well was close to its planned target depth, a decision was taken to suspend the 6" hole section and to prioritise activities to accelerate the commencement of B-sand gas production, and consequently cashflow. Horizons deeper than the cored T-sand section in SV-61 will be tested in the nearby SV-66 well. Once that testing has been completed, an operational and economic assessment will then be made to determine what, if any, remedial action may be taken to further test the T-sand and D-sand sequences in SV-61.

Following the success of the recent trial abrasive perforation operation in SV-58, the presence of the rig on SV-61 allows Regal to capitalise on this success. The rig's pumping and liquid handling systems are already in place to immediately enable the installation of multiple abrasive perforation stations, which will each provide three access points to the main B-sand target reservoirs. This approach does not require mobilisation of an additional coiled-tubing unit and its associated equipment, and consequently will enable SV-58 and SV-61 to be perforated, using the abrasive perforation technique, in parallel. This should also enable production from SV-61 to commence ahead of plan.

#### SV-66 WELL

The well is at a depth of 4,721m and is progressing to the planned intermediate 12 1/4" hole depth of 4,894m, at which stage the 9 5/8" casing will be run immediately above the B-sand reservoir targets, before proceeding on to the B, T and D-sands.

#### PRODUCTION

The current total daily field production rates are 2,166 boepd (291,040 m<sup>3</sup>/d of gas and 72.2 m<sup>3</sup>/d of condensate), reflecting a slightly improved performance from SV-58 as its production has stabilised following the successful abrasive perforation trial. The earlier than planned cessation of drilling in the



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SV-61 6" hole section, in conjunction with the parallel abrasive perforation operations planned in both SV-58 and SV-61, should result in an improvement in production rates in the near future.

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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:**

boepd	barrels of oil equivalent per day
m	metres
m <sup>3</sup> /d	cubic metres per day
"	inch