

## **Northern Petroleum Plc**

("Northern Petroleum" or "the Company")

### **Canadian production asset acquisition**

Northern Petroleum (AIM: NOP), the AIM quoted oil and gas company focusing on production led growth balanced with high impact exploration and appraisal opportunities, announces that it has signed an agreement to acquire production wells and facilities located within the area of the Company's existing Rainbow assets in Alberta.

The Company will acquire 75 per cent. of the assets with its joint venture partner, High Power Petroleum LLC ("H2P"), acquiring the remaining 25 per cent.

#### **Production asset package**

- Six production wells, all shut in by the previous operator for being non-core
  - four wells were shut in during 2015 and the remaining two in 2008 and 2009
- One water disposal well and injection pump
- Production facilities including separator, heat treater, compressor and four 400 barrel storage tanks
  - all wells are tied in via pipeline to the production facilities
- Two additional 750 barrel storage tanks
- Direct sales and tie-in point to the Plains Midstream Pipeline network
- First four wells to be brought into production either during the current winter work programme, if weather allows, or as part of a summer work programme
  - further two wells to be considered for production reinstatement later in the year
- First four wells forecast to add a combined initial production rate of 75 barrels of oil per day

Keith Bush, Chief Executive Officer of Northern Petroleum, commented:

"This acquisition is a small example of the production acquisition opportunities available close to the Company's infrastructure. The additional production will enhance the existing production base in conjunction with the current work programme and demonstrates the Company's ability to grow production both organically and by acquisition.

"We continue to look at further suitable assets in the region, alongside reviewing more substantial production and development opportunities in Alberta and Saskatchewan under the terms of our Area of Mutual Interest Agreement with H2P."

#### **Further Information**

The consideration for the acquisition is the assumption of the abandonment liability of the wells and facilities by Northern Petroleum. The total undiscounted abandonment liability of the wells and facilities, as calculated by the Alberta Energy Regulator ("AER"), is approximately US\$1.1 million. As a result of the Licensee Liability Ratio rules the Company expects to deposit approximately US\$0.7 million with the AER, as an abandonment deposit, which is forecast to be returned during Q3 2017 as production increases.

In addition, the vendor, a large listed Canadian exploration and production company, has waived the Company's liability in respect of a jointly owned well which is soon to be abandoned, at a net cost to Northern Petroleum of approximately US\$22,500.

The processing facilities and sales tie-in point to the Plains Pipeline system will provide a useful second route to market to the Company's existing sales tie-in point, and can serve as a backup if needed.

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**Note to Editors:**

Northern Petroleum is an oil and gas company focused on production led growth. The Company is undertaking a redevelopment and production project in north west Alberta and has a broader portfolio of exploration and appraisal opportunities in countries of relatively low political risk, primarily Italy. Comprehensive information on Northern Petroleum and its oil and gas operations, including press releases, annual reports and interim reports are available from Northern Petroleum's website: [www.northernpetroleum.com](http://www.northernpetroleum.com)