EnQuest November Operations Update

EnQuest PLC, 28 November 2023

Operations update

EnQuest Chief Executive, Amjad Bseisu, said:

"The Group has continued to deliver good production performance from its operated assets and we expect full year production around the mid-point of our guidance range. This is under-pinned by the strong production uptime across the portfolio, including at Kraken following transformer upgrades, where we have seen 100% production efficiency since the reinstatement of full production during August.

"Our 2023 drilling programme continues to progress well and remains on track to bring additional wells online at Magnus and at Golden Eagle before the end of the year. In addition, we have entered into a rig contract to return to drilling at Kraken in 2025, with EnQuest holding the option to extend the contract to accommodate additional work scopes. Further, we continue to execute safe and efficient decommissioning projects at Thistle and Heather and expect to deliver another record year for northern North Sea multi-asset well abandonments by completing 25 wells this year, while we remain on schedule for platform removals.

"Building on this excellent operational performance and by remaining disciplined in our investment decisions, we are on track to deliver on our 2023 targets. We are encouraged by government announcements relating to the fiscal regime governing the UK's oil and gas sector as we remain engaged in efforts to encourage legislation which supports investment in the UK's delivery of energy security, decarbonisation and energy transition.

"Looking ahead towards 2024, we remain focused on utilisation of our differentiated tax advantage as we look to unlock organic and inorganic opportunities to grow the business and create a pathway to deliver returns to shareholders."

Operating performance

- Average net Group production in the ten months to end October 2023 was 43,872 Boepd, in line with guidance
- Following reinstatement of full production during August, Kraken delivered 100% production efficiency in September and October
- The extensive planned maintenance shutdowns at Magnus and GKA were completed ahead of schedule, with all key scopes executed
- Magnus and PM8/Seligi are ahead of 2023 production targets with strong production uptime

Liquidity and net debt

- As at 31 October 2023, the Group's net debt position was $585.8 million, down from $615.2 million at 31 August 2023
- At the end of October, $190.0 million remained outstanding on the Group's senior secured debt facility ('RBL') following the Group's decision to make an additional accelerated payment of $50.0 million during October
- The Group drew $150.0 million against its term loan facility at the end of September

- In October, the Group fully repaid its £111.3 million ($138.1 million) 2023 7% Sterling bond

Hedging

- For the last two months of 2023, the Group has hedged a total of c.1.5 MMbbls. Of this total, c.0.7 MMbbls relates to put options with an average floor price of $60/bbl, while the Group have also entered into c.0.8 MMbbls of swaps at an average price of $88/bbl

- The Group has hedged a total of c.3.5 MMbbls for 2024 and c.0.2 MMbbls for 2025, predominantly using put options at an average floor price of c.$60/bbl

Guidance

- 2023 average net Group production is expected to be around the mid-point of the existing guidance range of 42,000 Boepd to 46,000 Boepd
- Operating expenditure for the year is expected to be c.$400 million, which is $25 million lower than original guidance of $425 million, due primarily to lower than budgeted diesel and chemical costs

- Cash capital and decommissioning expenditures are both expected to be in line with original guidance at c.$160 million and c.$60 million, respectively

Production details

Average daily production on a net working interest basis (Boepd)	1 Jan' 2023 to 31 Oct' 2023	1 Jan' 2022 to 31 Oct' 2022
	(Boepd)	(Boepd)
UK Upstream		
- Magnus	15,645	11,493
- Kraken	13,471	18,591
- Golden Eagle	4,302	6,542
- Other Upstream[1]	2,661	3,542
Total UK	**36,079**	**40,168**
Total Malaysia[2]	**7,793**	**6,425**
Total EnQuest	**43,872**	**46,593**

[1] Other Upstream: Scolty/Crathes, Greater Kittiwake Area and Alba

[2] Malaysia production figure for the YTD October 2023 includes 750 Boepd associated with Seligi gas

Magnus

Production at Magnus has averaged 15,645 Boepd for the ten months to end October 2023, an increase of 36.1% versus the equivalent period in 2022. The planned annual maintenance shutdown was completed in 20 days, versus the original planned duration of 24 days, with all major scopes executed. The shutdown involved 10,000 manhours of work being completed with zero loss time incidents. YTD production efficiency at the asset following the shutdown remains high at 86.3%.

Following the successful completion of the North West Magnus injector in May and the B6 infill well in early August, drilling activity continues at Magnus with a sidetrack well expected to be completed in early December, followed by a well perforation scope. The Group will then complete the five-yearly rig recertification of the Magnus platform rig during the first quarter of 2024.

Kraken

During the ten months to end October 2023, average gross production was 19,108 Boepd (net 13,471 Boepd), which is reflective of high uptime before and after the anomalous failure of hydraulic submersible pump ('HSP') transformer units during the first half of the year. Since the efficient return to service of the floating production, storage and offloading vessel ('FPSO') restored full production in early August, the Group has overseen a return to top quartile performance, with the FPSO delivering production efficiency and water injection efficiency of 100% for the months of September and October. In addition, delivery and deployment of new HSP transformer units has provided increased resilience to production capacity.

Production in the second half of the year has benefited from the removal of two planned periods of single train operations, with the Group having executed maintenance work while production at the FPSO was shut-in. As a result, no further planned maintenance outages are anticipated during 2023.

Looking ahead, the Group has procured a mobile offshore drilling unit for the proposed drilling of two wells at Kraken during 2025.

Golden Eagle

Year to date October net production was 4,302 Boepd, with asset production efficiency remaining strong at around 90%.

Following the arrival of the drilling rig in August 2023, drilling of the first well in the 2023 drilling programme commenced in October and is expected to be brought online in late December. This represents the first well of an anticipated four well programme, which is due to be completed in mid-2024.

Other upstream assets

Production for the ten months to end October 2023 averaged 2,661 Boepd, in line with expectations. The Greater Kittiwake Area maintenance shutdown was completed in 22 days having been rescheduled to July, which represented an improvement of three days versus the original plan.

Infrastructure and New Energy

The Sullom Voe Terminal ('SVT') and its related infrastructure continues to maintain safe and reliable performance, with 100% export service availability during the year to date.

EnQuest continues to develop cost-effective and efficient plans to repurpose the terminal site and connected offshore infrastructure and is well positioned to harness the significant renewable energy potential in the area. The Group continues to mature a number of global scale decarbonisation opportunities, including carbon capture and storage, electrification and green hydrogen. Having secured an exclusivity agreement with the Shetland Islands Council to progress new energy opportunities at SVT, EnQuest is well placed to deliver on these new energy ambitions in conjunction with potential strategic and financial partners.

In August, EnQuest formally accepted the award of four carbon storage licences in the North Sea Transition Authority's ("NSTA") first carbon storage licensing round. Each of the licence areas are accessible from EnQuest's existing owned and operated infrastructure and development plans are progressing around leveraging this infrastructure and significant infrastructure reuse and repurposing to optimise capital cost and minimise environmental impact, targeting development of a flexible storage hub capable of accommodating up to ten million tonnes of CO_2 per annum from emitters in UK, Europe and beyond.

UK Decommissioning

Heather and Thistle well plug and abandonment ('P&A') campaigns are progressing well with 11 wells completed at Heather and a further 12 wells completed at Thistle as at 31 October 2023. For the full year, the Group remains on track to complete the P&A of 12 wells at Heather. At Thistle, the Group expects to complete P&A of 13 wells, an increase of two wells versus the original plan. Delivery of the enhanced 2023 P&A plan of 25 wells would exceed the record for the most prolific multi-asset P&A campaign in the northern North Sea, set by EnQuest at 24 wells in 2022.

EnQuest also continues to plan the P&A of 33 subsea wells at the Alma/Galia, Dons and Broom fields.

Malaysian operations

For the ten months to end October 2023, average production in Malaysia was 7,793 Boepd, representing a 21.3% increase over the same period last year. This increase includes 750 Boepd associated with Seligi gas, to which Petronas hold the entitlement, and which is produced and handled by EnQuest in exchange for a gas handling and delivery fee, as well as strong operational performance and production uptime of 90%.

Following the drilling of the commitment well at Block PM409, the Group can report that the well was plugged and abandoned dry. Following confirmation from Petronas that all well requirements had been met by EnQuest, no further drilling is planned for PM409.

For 2024, the Group plans to drill three infill wells alongside three well workovers at PM8/Seligi, with rig mobilisation targeted by the end of the first quarter.

Liquidity and net debt

Net debt of $585.8 million at 31 October 2023 represents an improvement of $29.4 million versus net debt of $615.2 million as at 31 August 2022, following the EPL payment of $60.2 million and the settlement at maturity of the 2023 7% Sterling bond of £111.3 million ($138.1 million).

As of 31 October 2023, cash and available facilities were $386.3 million, including restricted cash and ring-fenced funds held in joint venture operational accounts totalling $130.7 million.

Ends

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Notes to editors

ENQUEST

EnQuest is providing creative solutions through the energy transition. As an independent energy company with operations in the UK North Sea and Malaysia, the Group's strategic vision is to be the partner of choice for the responsible management of existing energy assets, applying its core capabilities to create value through the transition.

EnQuest PLC trades on both the London Stock Exchange and the NASDAQ OMX Stockholm.

Please visit our website www.enquest.com for more information on our global operations.

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