

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

**1<sup>st</sup> October 2009**

**UKRAINE DRILLING & PRODUCTION UPDATE**

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

After unloading the completion brine and diesel cushion, the MEX-106 well continues to stabilise and is currently delivering new production of 50,000 m<sup>3</sup>/d gas (1.76 MM scf/d) and 10 m<sup>3</sup>/d condensate (63 bpd) on a 10mm choke. The down-hole measurements indicate that around 90% of the flow is coming from the B20 layer, at the anticipated reservoir pressure of around 350 ATM (5,100 psi). Flow was also expected from the B23 layer, but to date this has been limited and a review is being conducted to assess whether vertical connectivity of this particular sand with other neighbouring historical wells may have contributed to more extensive local depletion than initially envisaged.

The well's secondary objective was to appraise potential reservoirs in the T-sand interval between depths of 5,537 and 5,830 metres. As previously announced on 23<sup>rd</sup> September 2009, 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 and an additional opportunity is presented by the wireline logs of the Devonian section between 5,830 metres and the bottom of the well at 6,020 metres. An aggregate of 31 metres of D-sand perforation intervals are planned (D3 layer) to access 27 metres of net potential reservoir.

The MEX-106 perforation programme has currently been suspended owing to the perforation string becoming lodged in the tubing. In order to remove this obstruction and continue with the perforation and appraisal programme, a coiled tubing conveyed fishing operation is required before the T-sand and D-sand sequence can be brought into test production. This is expected to take some time to complete and in the meanwhile, given the high well-head and reservoir pressure currently being encountered on the SV-58 well, it is more commercially appropriate for Regal's drilling team to turn their focus to controlling this well, and on drilling the new SV-61 well (currently drilling at a depth of 2,500 metres), before returning to perform the fishing operation on MEX-106. At that time, a coiled tubing unit will be brought back on location ready to assist in this operation.

A further drilling and production update will be made in due course.

**David J Greer, CEO of Regal, commented:**

"We are pleased with the new additional production from MEX-106, albeit that we have currently only been able to test and produce the B-sands. It is regrettable that we have a deep mechanical obstruction in the well that is currently hindering the quantification of the T and D-sand deliverability and commerciality in MEX-106, but we are confident that we have the technology and expertise to remove this obstruction in due course, which we plan to do once we have completed SV-58.

The SV-58 well is located some 13 km from MEX-106 where the expected reservoir pressure regime is virginal, and thus markedly higher, in most reservoirs. We therefore consider it prudent to focus all of our current energies and experience on the safe completion of SV-58 across all the proven gas bearing intervals that we have identified, especially the deeper levels that have no prior production history in the field. Whilst SV-58 may take a little longer to complete, we remain confident of a positive outcome from this exciting, but challenging, well."

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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:**

ATM	pressure unit: Atmospheres
bpd	barrels per day
km	kilometres
metres	all thicknesses and depths rounded to the nearest whole metre
mm	millimetres
MM scf/d	million standard cubic feet per day
m <sup>3</sup>	standard cubic metres
m <sup>3</sup> /d	cubic metres per day
net	aggregate thickness exclusive of thin non-reservoir interbeds
psi	pressure unit: pounds per square inch