

15 March 2022

Jupiter Energy Limited ("Jupiter" or the "Company")

## **OPERATIONS UPDATE: LODGEMENT OF 100% GAS UTILISATION PLAN**

### **KEY POINTS:**

- **100% Gas Utilisation Plan (the Plan) lodged with Kazakh Ministry of Ecology.**
- **The Plan is based on two staged approach with Stage 1 scheduled to be installed and operational in 4Q 2022.**
- **Achieving 100% Gas Utilisation will allow production wells to end constrained production and return to optimal flow rates. Current daily production of ~30 tonnes / ~225 barrels per day forecast to increase to ~85 tonnes / ~650 barrels per day in 4Q 2022 and to ~100 tonnes / ~750 barrels during 1Q 2023.**
- **The Company will now focus on ensuring the regulatory approval process for the Plan runs smoothly and in a timely manner. Tender for equipment will be completed over the next month and funding will be secured during 2Q 2022.**
- **Funding options have been improved by the recently announced Debt Restructure Agreement and the Company will keep shareholders updated on the preferred funding approach to Stage 1.**
- **100% Gas Utilisation will mean that all excess associated gas produced during production will be converted into electricity and this power will be used to develop a new, non-hydrocarbon, line of business that is consistent with the focus in Kazakhstan to support renewable energy initiatives and the country's Sustainable Development Goals.**

The Board of Jupiter Energy Limited (ASX: "JPR") is pleased to provide this update regarding progress with achieving 100% gas utilisation on the Akkar North (East Block), Akkar East and West Zhetybai oilfields.

The Company has been developing its asset in Kazakhstan for the past decade, moving from the licencing of pure exploration acreage through the drilling of exploration wells in different parts of its 123km<sup>2</sup> acreage and the discovery of 3 oilfields.

The Company has recently transitioned from its Exploration Licence to a Commercial Licence. The installation and commissioning of its 100% Gas Utilisation infrastructure is integral to its next stage of future growth.

The Company announced in September 2021 that had agreed terms with a local Kazakh company, that had a background in oilfield design and development of oilfield infrastructure, to develop a 100% Gas Utilisation Plan, with the objective to have this infrastructure in place during CY 2022.

On 11 March 2022, the Company lodged its detailed 100% Gas Utilisation Development Plan (the Plan) with the relevant Kazakh regulatory authorities.

#### Importance of 100% Gas Utilisation Infrastructure:

As previously announced to shareholders, all oil currently produced by Jupiter is sold into the Kazakhstan domestic oil market, as is required under Kazakh Sub Surface law, when wells are either producing under a Trial Production Licence or during the "Preparatory Period" of a Commercial Production Licence.

The "Preparatory Period" applies to an operator that is transitioning between Trial Production (during which time associated gas from production can be flared) to Commercial Production, under which an operator must have access to the requisite infrastructure to provide for 100% utilisation of all associated gas produced whilst wells are in production.

During the "Preparatory Period", Jupiter is able to produce from any well located on a field with an approved Commercial Production Licence without having the requisite gas utilisation infrastructure in place, only if all associated gas that is produced during production is used on the field for power, heating and the like.

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A lack of such infrastructure means that Jupiter's production is currently constrained on the Akkar North (East Block) and Akkar East fields as both fields are operating under "Preparatory Period" restrictions. Total production from the 4 production wells located on these 2 fields is currently ~30 tonnes (~225 barrels) per day.

The West Zhetybai field is in the process of gaining the necessary approvals to transition from Trial Production to Commercial Production and the J-58 well has been shut in since this approval process commenced.

The implementation of a cost effective 100% gas utilisation is pivotal to enabling the Company to return all its current 5 production wells to optimal production – which, based on past performance, should be ~100 tonnes (~750 barrels) per day.

Going forward, the implementation of 100% gas utilisation will also enable the Company to be positioned to seek approval from the Kazakh Ministry of Energy to sell its oil into the export market.

#### Summary of the Gas Utilisation Plan:

The Plan has been broken into 2 Stages.

Assuming the Plan is approved, Stage 1 will be based on a decentralised configuration, with a gas to electricity generator being installed at each producing well head. The solution is cost effective, simple to install and will enable the Company to return all 5 wells to optimal production in the shortest possible timeframe.

The limitation of Stage 1 is that it will not scale efficiently in the longer term as the Company drills more production wells. Because of this, Stage 2 of the Plan, will be based on a centralised configuration. This configuration is expected to be built during 2H 2023 and there will be a cutover from the Stage 1 to Stage 2 configuration during 1H 2024.

The Stage 2 configuration will be based on 2 larger gas to electricity generators located on the area close to the Akkar North (East Block) and Akkar East oilfields (Site A) and a 3<sup>rd</sup> larger generator will be located on the West Zhetybai field (Site B).

All wells on Akkar North (EB) and Akkar East will be linked to Site A and all wells on West Zhetybai will be linked to Site B. The configuration will be able to scale, meaning that additional generators can be added to Site A and/or Site B as more production

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wells are drilled on the respective oilfields and the associated gas levels therefore increase.

The design of Stage 2 should see the generation of more electrical power than is required by the Company to support field operations. As a result, the Company is in discussions with 3<sup>rd</sup> parties that have a business need for this excess power and can use the power to develop a business that is consistent with the focus in Kazakhstan to support renewable energy initiatives and the country's Sustainable Development Goals.

A tender for the Stage 1 distributed solution will be prepared in due course and once the 100% Gas Utilisation Plan has been approved and the necessary funding secured, the equipment will be sourced and installed. The current forecast is for Stage 1 to be installed and operational in November 2022, based on the Company finalising the funding of the equipment by late 2Q 2022.

A timely approval process will be key to this timeline and the Company will work with its partners to provide the relevant regulatory bodies with all the necessary information to ensure approvals are forthcoming and that the forecasted timelines are met.

#### The Approval Process in Detail:

All oilfields need an approved Gas Program to operate. These programs must be reviewed by the Kazakh Central Commission for Exploration and Development of Hydrocarbon Deposits (the CCED) and then later approved by the Ministry of Ecology.

Currently the Akkar East field has an approved Gas Program, valid until March 2023, the Akkar North (East Block) oilfield has an approved Gas Program valid to the end of 2022 and the West Zhetybai oilfield is in the process of seeking approval for its new Gas Program.

In terms of correlation of these existing Gas Programs with the approval of the 100% Gas Utilisation Program: the associated gas produced by the production wells on the Akkar East (J-51, J-52 and well 19) and West Zhetybai (J-58) oilfields are incorporated into the Plan that has been submitted and, if approved, the Plan will allow for these 4 wells to return to optimal production as soon as the Gas Utilisation infrastructure is installed and approved to operate. The target date is November 2022.

The associated gas produced by the well J-50 located on the Akkar North (East Block) oilfield has been integrated into the Gas Utilisation Plan as at February 2023 and the

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production on this well will remain constrained at ~8.5 tonnes (~65 barrels) per day until that time.

Based on this schedule, the current forecast is to have wells J-51, 52, 58 and 19 return to optimal production in November 2022 and daily production is forecasted to increase from the current ~30 tonnes (~225 barrels) to ~85 tonnes (~650 barrels).

Daily production is then expected to increase to ~100 tonnes (750 barrels) in February 2023, assuming the the J-50 Gas Program is approved and this well is able to return to its optimal daily production rate.

#### Debt Restructure Plan/Future Funding:

On 4 March 2022, the Company announced that it had reached agreement in terms of the parameters for a significant restructure of the existing debt held with all 4 of its Noteholders. The 4 March 2022 announcement provides all the material terms of this agreement and shareholders are encouraged to refer to the announcement for more details.

Additional funding will be required to ensure that the funding for the Stage 1 Gas Utilisation Plan and installation of the requisite infrastructure is completed by November 2022 and the Company is engaged in discussions to address Stage 1 funding.

Commenting on the lodgement of the 100% Gas Utilisation Plan, the Company said:

“Jupiter is pleased to have lodged the 100% Gas Utilisation Plan and the focus is now to ensure the approval process runs as smoothly as possible and the funding required for the purchase and installation of the equipment is in place. Achieving 100% Gas Utilisation in a reasonable timeframe under a realistic budget is a critical milestone for the Company as it will enable all 5 production wells to return to their optimal flow rates.”

If shareholders have any questions regarding this update, they are welcome to contact the Company on +61 3 9592 2357.

Geoff Gander  
Chairman/CEO

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## **ENDS**

*Authorised by the Jupiter Energy Limited Board*

### **Enquiries:**

Jupiter Energy (+61 3 9592 2357)

Geoff Gander ([geoff@jupiterenergy.com](mailto:geoff@jupiterenergy.com))

### **About the Company:**

Jupiter Energy Limited is an oil exploration and production company, quoted on the ASX. The Company is focused on developing its onshore assets in Western Kazakhstan. In 2008 the Company acquired 100 per cent of the Block 31 permit, located in the oil-rich Mangistau Basin, close to the port city of Aktau.

Jupiter has a proven in-country management team, led by an experienced, international Board, together possessing the skills, knowledge, network and attention to detail needed to operate successfully in Kazakhstan.

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