

FOR IMMEDIATE RELEASE

## *K Home Appointed EPCM Contractor*

*Please find below a press release issued by Egdon Resources plc.*

### **22 February 2010 – Signature of Commercial Agreements and Appointment of EPCM Contractor for the Kirkleatham Gas Field Development**

The Directors of Egdon Resources plc (AIM:EDR) are pleased to announce the execution of key commercial agreements in relation to the Kirkleatham gas field development in North Yorkshire and Teeside licence PEDL068.

The PEDL068 Joint Venture partners and Sembcorp Utilities (UK) Limited ("Sembcorp"), which owns the power station and much of the land on the Wilton International site and provides utilities and services to industrial customers on that site, have signed a series of agreements relating to the commercial terms of gas sales, the lease of a process site, the granting of wayleave rights for pipelines and for the operation and maintenance of the facilities on the Wilton site.

Under the terms of the Gas Sales Agreement all Kirkleatham gas will be sold to Sembcorp. Sembcorp has also been granted certain rights to participate in any future gas storage project that may be developed at Kirkleatham.

Planning consent was received for the Kirkleatham development in August 2009. The consent allowed for production from the existing Kirkleatham-4 well site and for the drilling, testing and production from up to two additional wells at the site. Gas will be transported from the well site via a six hundred metre long underground pipeline to the Wilton site boundary and then via an above ground pipeline to a processing site within Wilton. On the processing site, water and all hydrocarbon liquids will be removed and the gas heated and metered prior to delivery via an above ground pipeline to a Sembcorp-owned combined heat and power plant which generates electricity for site and export use and can also generate steam for site use.

Egdon is also pleased to announce that following a tendering process in late 2009 it has appointed Stockton-on-Tees based K Home International Limited ("KHI") as the Engineering, Procurement Services and Construction Management ("EPCM") contractor for the Kirkleatham development project.

KHI will manage the detailed design, procurement and construction phase of the development under the oversight of Egdon's engineering consultants and project managers Vision Oil & Gas of Guildford.

The near term focus will now be to secure the remaining regulatory approvals and to begin the construction phase of the project. The target for first gas is the start of the winter 2010 gas season.

Commenting on these developments, Mark Abbott, Managing Director of Egdon, said: *"This is a significant milestone for the Kirkleatham project. We have been working to monetise the Kirkleatham gas field since its discovery in early 2006 and are delighted to have reached agreement with Sembcorp in relation to the commercial terms for the project. We are also pleased to announce the appointment K Home International Limited as our EPCM contractor. KHI is a local company with experience of operating on the Wilton site and we look forward to working with them to secure first gas and cash flow for the coming winter. I would also like to thank our engineering and commercial advisors Vision Oil & Gas and Energy Contract Solutions who have worked tirelessly over the last year to get us to this point."*

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