Interim CEO’s Review

Chris Cox
Interim Chief Executive

Operationally, the first full year of operations following the acquisition of Shell’s Western Desert production and exploration portfolio in Egypt was completed. In common with other E&P businesses in the country, a number of operational challenges impacted the 2022 drilling programme, but Capricorn continues to see significant potential for production growth, operating efficiencies and reserves addition through successful exploration and development activity.

Capricorn further high-graded its exploration portfolio during 2022, reinforcing focus on lower-cost infrastructure-led opportunities with quicker payback potential, at the same time as limiting capital allocation to the remaining frontier positions, with no further commitment wells outside onshore Egypt exploration activity following the drilling of the Yatzil well in Mexico during Q1 2023, which was committed prior to the new Board being in place.

Capricorn remains committed to its Net Zero by 2040 target, with near term targets of a 15% GHG equity emissions reduction by 2025, and a 30% reduction by 2030. Our producing assets continue to demonstrate resilience to transition risks of climate change and the ability to deliver value for shareholders when tested against the International Energy Agency’s Net Zero scenario, based on the economic assumptions we apply.

Operational Outlook

In Egypt, the 2023 drilling programme is expected to deliver >40 wells across the producing concessions, with the aim of optimising oil recovery in both existing and new discoveries. Included in this is a near-field extension well programme to improve reserves replacement and in the event of success, drive towards the higher end of our 2023 production guidance. The focus remains on liquid rich opportunities in the BED, Sitra, AESW and NEAG Concessions although we anticipate drilling new wells at the Obaiyed gas condensate field to help moderate underlying declines.

Chris Cox
Interim Chief Executive