EXTRAORDINARY INFORMATION

20 October 2010

Test results of the Mályi well

PannErgy Plc hereby informs the capital market actors that the evaluation of the final test on the geothermal well in Miskolc-Mályi has been completed. On the basis of the measurements, the output yield of the well reaches 6,600–9,000 liters/min. (110–150 l/s), which is more than the double of the values announced after the earlier, primary tests.

The well was tested in several phases, primarily with reliance on geophysical studies and pressure-based techniques. The high yield of the well did not allow testing with pumps, because no pumps of such capacities were available, while it would have taken several months to purchase them with respect to the customized manufacturing demand.

The yield of the well considerably increased after the use of compressors for cleaning purposes following the primary tests. During the application of compressors, production layers were cleared of the fragmented rocks that had entered these layers in the course of the drilling operations. As a result of the final evaluation of the tests, it can be suggested that the normal operation of the well could ensure the extraction of 6,600 l/min. (110 l/s) water quantity continuously, while in the periods of peak energy demand the production output could be increased to 9,000 l/min. (150 l/s).

In the light of the measurements, the temperature of the effluent water is approx. 105°C. According to our calculations, the capacity of the production well can be as large as 30 MW, while the water delivers heat, and its temperature decreases from 105°C to 55°C.

In view of the data obtained and evaluated during the test, the well in Mályi has exceptionally large capacities. Of the 1,400 thermal wells operated in Hungary, there are only three units whose maximum yields exceed 6,000 liters/min., but the temperature of the effluent water in those wells remains far under the values measured in the well of Mályi, since the maximum temperature of the water extracted from them is 77°C.

Balázs Bokorovics, Chairman of PannErgy's Board of Directors has said:
"With respect to the volume and temperature of the extracted water, this well would alone be suitable for supplying the heat quantity initially planned for the Miskolc project, namely 300,000 GJ in winter heat supply. Nevertheless, in view of the regular secure operation of the heat supply system and the expected rise in short-term market demands (as it was announced earlier), we are to drill still another production well. The two production wells will give way to 410,000 GJ primary and additionally 210,000 GJ secondary heat energy sales. Expectedly, three additional re-injection wells need to be drilled to return this large volume of water safely to the depth."

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