

For Immediate Release

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CORAC GROUP PLC  
Downhole Gas Flow Loop Update

Corac Group plc, the intellectual property, engineering and licensing company specialising in compressor technology, provides a progress update for the development and operation of its unique downhole gas compressor. Comprehensive flow loop testing recently witnessed by the Company's JIP partners, Conoco Phillips (UK) Ltd, Eni SpA and Repsol YPF has produced positive results.

Testing started in January 2007 with the commissioning of the rig in Spadeadam, Cumbria, to simulate as near downhole conditions as possible where gas is circulated at various controlled rates, pressures and temperatures. Progressive testing has provided useful results with design modifications being made in line with a planned testing programme. Simulating typical downhole conditions of high temperature and 30 bar pressure, the modules have been operated at 55kw and 45,000 rpm. The JIP partners were able to witness the downhole compressor module running at constant speeds as well as with repeated starting and stopping. Results from recent tests are representative of requirements for the Company's field trial units.

Continued testing at Spadeadam for the remainder of 2007 will determine boundary values for the machine in this environment. The procurement process is scheduled to start in the first quarter of 2008, in order to have machines available for deployment in the field trials in the final quarter of 2008.

Representatives from the JIP partners commented as follows:

Luis Ortega, Consultant of Reservoir Technology. Repsol YPF

"I have been impressed with the results from the test rig and am pleased with the progress made. I look forward to the next stage of deployment within the field."

Dr Mike Swidzinski, Senior Consultant Engineer. ConocoPhillips (UK)

"Progression of the Corac DGC prototype through to flow loop testing is an important and significant milestone for the project. The information generated from these flow loop tests will serve to demonstrate and frame the capabilities of the DGC, and thereby reduce the risks associated with the anticipated future deployment of this novel technology in gas producing fields."

Matteo Tommaso Di Tullio, Technical Leader Production Optimisation Technology R&D for Eni SpA E&P Division.

"These tests have been useful in demonstrating performance, capability and progress made this year and will give renewed impetus to the planned field trials."

Gerry Musgrave, Executive Chairman, added:

"This is a landmark step in achieving a fully tested downhole compressor for artificial gas lift from wells. When the units are deployed in a gas well they could give an extra 40% of gas therefore providing important economic and strategic value for the global energy market."

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Notes to editors

Corac is an intellectual property, engineering and licensing group, focussing on high speed electrical direct drive turbo machinery based on its unique expertise in gas bearings for which it holds several patents. Corac has created an innovative 'no oil' turbo compressor together with a unique gas seal, and is part of a joint industry programme for the downhole gas extraction industry. Further information on Corac is available on the internet at [www.corac.co.uk](http://www.corac.co.uk)

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