

Point Loma Resources

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Point Loma Resources' Rex well test opens up 'significant' new oil play, says broker Mackie

Point Loma Resources Ltd's (CVE:PLX) (OTCMKTS:FMTNF) horizontal well is a new Rex oil pool discovery and showed a top tier flow test at more than 90% oil, says broker Mackie.

On Monday, the Calgary-headquartered group posted successful production test results for its Wizard Lake HZ 16-17-48-27W4 Rex oil pool well in Alberta.

READ: Point Loma Resources shares flow higher as it posts successful test results for Rex play well

Over the final 24 hours of the test, the well produced at a rate of 340 boe/d (90% oil). Oil cuts continued to trend up through the test, which indicates the potential for higher rates once the well is placed on full-time production, the broker said.

"This is an excellent test and opens up a significant new oil play for the company. We maintain our BUY recommendation and our \$1.10 target price," said Mackie analyst Bill Newman in a note to clients.

The junior oiler has a 70% working interest in the lands associated with the well.

Last year, Point Loma secured the rights to the Rex (Upper Mannville) oil play at Wizard Lake, on trend with Altura Energy's Rex play at Leduc.

And last month (December), it sank the first Rex oil horizontal well, which intersected good quality reservoir along the entire 1,200-meter lateral length.

The company then completed a 28-stage frac program and commence flowback with a submersible pump on December 24, 2018

The company holds 3,385 acres (2,370 net acres) over the Rex play and sees up to 14 additional drilling locations.

Potential for 60 million barrels

Mackie analyst Newman highlighted that the company's own internal mapping showed the Rex pool had the potential to hold 60 million barrels of original oil in place (OOIP).

Assuming a 10% recovery factor based on primary production only, Newman calculates a potential net recoverable of around 4.8 million barrels equivalent to around 65% of the company's current 2P (proved and probable) reserves.

Also, the firm has 'multi-bagger' return potential from its evolving Rex Oil play, conventional Banff oil play and the Duvernay shale oil resource play, said the analyst.

Point Loma shares are unchanged in Toronto at \$0.20.

Price: 0.02

Market Cap: \$1.81 m

1 Year Share Price Graph



Share Information

Code: PLX

Listing: TSX-V

52 week	High	Low
	0.195	0.01

Sector: Oil & Gas

Website: www.pointloma.ca

Company Synopsis:

Point Loma Resources is new publicly traded Oil and Gas company that has captured a large position on the Mannville oil and liquids rich gas trend in west central Alberta. As a new company we have no bank debt, a solid balance sheet and an experienced team focussed on creating shareholder value.

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