

United Oil & Gas PLC

00:30 12 Jul 2019

United Oil & Gas performing strongly, recent acquisitions demonstrate significant promise

- Oil and gas company with assets in the UK, Italy and West Indies
- In June, provisionally landed 100% interests in four UK North Sea blocks, 10% interests in further two licences in English Channel
- At end of May, named former Tullow Oil man, David Quirke as new chief financial officer

What it owns:

Italy - Selva gas field (20%)

UK - Colter (10% + 10% option) offshore

UK - Crown Discovery (100%) offshore

UK - Acle (24%) offshore

UK - Waddock Cross (26.25%) onshore

UK - Broadmayne (18.95%)

Jamaica - Walton Morant/Colibri (20%) offshore

How is it doing:

United has demonstrated strong progress since the beginning of 2019.

In Italy, the Selva gas field has been awarded preliminary approval for a production concession and with it; a competent person report (CPR) published by CGG has declared maiden gas reserves attributable to United.

This trend has continued over the first half with CPRs upgrading resource estimates for several of United's interests in Jamaica, Italy and the UK.

In February 2019, United achieved a key milestone with the first reserves of gas (2.7 BCF) attributed to the company's 20% economic interest in the Selva field on the Podere Gallina licence in Italy.

This was followed in April by an upgraded CPR which factored in a further 14.1 BCF of gross contingent resources and a 74% increase in best case prospective resources to 91.5 BCF for Podere Gallina.

Selva was awarded preliminary approval for a production concession in early 2019 and United, with its partners, plans to install final production facilities within the next 12 months with a view to commencing production in mid-2020.

In the UK, the Crown discovery on UKCS Licence P2366 was attributed maiden gross unrisked 2C contingent recoverable oil resources of 6.35 mmbbls (UOG: 95%) and the same classification of resources on the onshore Waddock Cross field were also upgraded from 1.23 mmbbls to 1.55 mmbbls (UOG: 26.25%) in a CPR published by ERCE in early February.

Price: 3.89p

Market Cap: £13.44M

1 Year Share Price Graph



Share Information

Code: UOG

Listing: AIM

52 week High 6.20p
Low 2.58p

Sector: Oil & Gas

Website: www.uogplc.com

Company Synopsis:

United Oil & Gas (UOG) is an independent oil & gas start-up established in 2015. We are a former Tullow Oil team, with a strategy to acquire assets where the management team's experience can drive near-term activity to unlock previously untapped value.

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United has instigated discussions with potential farm-in partners for Crown in order to expedite future drilling activity on the licence.

In late February 2019, ERCE also upgraded the key Colibri lead on the Walton-Morant licence offshore Jamaica in which United with a 20% interest, is partnered with Tullow Oil.

The competent person report increased the gross unrisksed mean prospective resource estimate for Colibri from 219 mmbbls to 229 mmbbls and also boosted the geological chance of success from 16% to 20% on the back of positive 3D seismic data acquired in 2018.

Following the Colter appraisal well completed in March 2019 on Licence P1918 (UOG: 10%) in the English Channel, the operator delivered a new discovery on Colter South, the most recent assessment of which has indicated up to 15 mmbbls of gross recoverable resources.

The company has also augmented its portfolio of assets significantly in 2019. In West Africa, United has signed an option agreement to farm-in to a 20% interest in the onshore Elephant oil operated Block B in Benin, an exciting frontier exploration region surrounded by prolific hydrocarbon regions.

The exploration portfolio was boosted further in early June as United was provisionally awarded 100% interests in four UK North Sea blocks and 10% interests in a further two licences in the English Channel as part of the UK 31st Licensing Round.

At the end of May, United appointed David Quirke as the company's new chief financial officer.

Quirke joined the company on 24 June having previously been at Tullow Oil plc (LON:TLW), leading FTSE 250-listed the oiler's 'treasury function' between 2003 and 2017.

What the boss says - Jonathan Leather, chief operating officer.

"The low-risk exploration we have added in the North Sea blocks is significant in its own right, but also adds value to our neighbouring Crown licence, where we have completed the committed seismic reprocessing and where we are now looking to progress development and commercialisation plans."

"We continue to evaluate further acquisition opportunities and with activity taking place across our portfolio in H2 2019, the next few months will not be short of high impact newsflow and operational progress."

Latest video interview: What the broker says:

Optiva Securities analyst Barney Gray has a risked valuation of 11.4p per share for United Oil & Gas on a fully diluted basis, noting that this includes no value for Benin or the provisionally awarded 31st Round Blocks.

In a recent note, Gray said: "Although we reserve the opportunity to adjust our assessment in the event of the conclusion of potential farm-in opportunities, we note that that our unrisksed valuation for United is over 51p per share at this stage, representing major potential upside to the company.

"This could be augmented further should United's most recent acquisitions demonstrate significant promise upon further analysis."

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