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## New World Oil & Gas, Sound Oil, Trapoil, Aminex and others feature in Fox-Davies Newsflash

### Daily Oil & Gas Monitor

**Aminex (LON:AEX):** All Change...Again – So, the Company has announced that Stuard Detmer is departing to pursue "other business interests with immediate effect." Stuard was brought into refocus the Company and breathe new life into what had become a stale situation. Given that the first six months are all about establishing an intimate history of the business, Stuard's job only really started in March 2012 (he was appointed in September 2011). Consequently, it is somewhat surprising that he is moving on so quickly, and frankly, having not achieved a significant amount. Given Stuard's history, we know that he is not one to shirk an issue, so the question starts to form, why has he gone? To lose somebody of Stuard's calibre is going to be a blow and it now questions what the incumbent management team are going to announce. Whatever it is, it needs to be soon, or a vacuum will form around the Company that will provide a significant headwind to the Company.

**Egdon Resources (LON:EDR):** Spin the Bit! – Egdon has announced that drilling has started on the Mairy Permit (the "Permit") in France. The drilling is expected to take 60 days to complete. It has also cleaned up the residual contract and economic issues surrounding Geoex, simplifying Egdon's access to its participation in the Permit.

#### **In this news:**

- Hess Oil France ("Hess"), has disclosed that it has commenced drilling Huiron-1
  - o An exploration evaluating the hydrocarbon potential of the Jurassic, Rhaetian formations
  - o Expected to take around 60 days to drill.
- Egdon has disclosed that it has finalised a farm-out of part of its interest in the Mairy Permit to Hess
  - o Egdon transfers an unencumbered 35% interest in the Permit to Hess, who now holds 85%
  - o Carry on well costs
  - o Egdon retains 15%
- Agreement with Geoex Eastern Limited ("Geoex") reached
  - o Reduces the burden of an existing Overriding Royalty on the Permit from 4.5% of Egdon's pre-Farmout interest to 4.5% of the retained 15% interest only.
  - o The consideration payable comprises \$100,255 payable in cash and \$100,000 in new Egdon Ordinary shares calculated by reference to the average closing price for the five trading days prior to completion.

**Sound Oil (LON:SOU):** Next Step Taken – Management's announcement that it has been able to complete the "Conferenza Servizi" process for the Nervesa appraisal well; the well is targeting 21bcf of recoverable reserves. This

process usually takes a significant amount of time, and that Management has been able to complete it quickly is reflected of both the revitalised energy surrounding this newly refocused management team, but also the improving business environment in Italy. We continue to believe that the Company's plans are ambitious, that they have set themselves stringent deadlines that may be difficult to achieve, but with each piece of news that is released, we become increasingly confident that even if the deadlines are tough, they are beginning to look achievable.

#### In this news:

- Conferenza Servizi is the final step of the approval process organized by the Ministry of Economic Development with the participation of the Veneto Region, Treviso Province, Local Council and various local governmental bodies to reach agreement to approve the drilling of the well.
- "Autorizzazione" approving the appraisal well will now be issued and the Company expects to receive this before the end of this month.

**Cairn Energy (LON:CNE)** Cairn....Mark II – Today's pre-close update underlines the progress that the Company has made in diversifying its portfolio. The high cost, high risk, high reward exploration wells in Greenland characterised the Company twelve months ago, but fast forward to today, and it is easy to see the strategy. They have swapped large equity positions in high risk assets for a more diverse portfolio, with the prospect of cash flow in the near term. In seeking to provide a better blend to its portfolio, the Company is once again becoming a sustainable entity; after saying that, with \$1.6bn cash in the bank (and \$1.1bn in realisable investments), an argument could always be made that it was sustainable anyway. The Company appears to be well poised to becoming a carbon copy of itself, and that ended quite well. We will be monitoring the Company's progress.

#### In this news:

- Exploration - Operated
  - o Completed 680km<sup>2</sup> of 3D seismic acquisition over the Jubu Maritime block offshore Morocco
  - o Planning underway for a multi-well, multi-year exploration programme beginning in offshore Morocco in Q4 2013
  - o Key frontier exploration blocks across current portfolio target >4 billion barrels of Yet to Find potential
- Exploration/Appraisal - Non-Operated
  - o Active 2013 North Sea exploration and appraisal programme planned with five wells confirmed H1 2013
  - o New interests in 10 licences acquired in recent UK and Norwegian North Sea License rounds
- Finance
  - o Group net cash at 31 December 2012 of US\$1.6 billion (bn)
  - o ~10% residual interest in Cairn India Limited (CIL) valued at US\$1.1bn at 31 December 2012

**Trapoil (LON:TRAP)** Now the Hard Work can Begin – In announcing a successful conclusion to its farm-in process, the Company has achieved one of the last obstacles that was preventing the progression of the licences formally fully held by Extract Petroleum. Now the hard work can begin, starting with the acquisition and interpretation of the seismic data.

#### In this news:

- The acreage concerned comprises one Promote Licence (P.1938) covering thirteen full and part blocks totalling 1,026km<sup>2</sup>

- Trapoil will become operator of the acreage and farm-in for a 100%
- Extract retains 1% royalty interest over any future production from the acreage.
- Transaction subject to DECC's approval

**New World Oil & Gas (LON:NEW):** Busy Bees! – Management has provided an update on its activities in both Belieze and Danica (Denmark). Drilling in Belieze continues, and there has been nothing released, nor is anything likely to be released until drilling has been completed. While there is a long way to go yet, the Company's disclosure that it has not yet elected whether to test the well is disappointing, as we would have liked there to be more positivity, especially following their initial decision to drill the side track in the first place. Elsewhere, Danica's CPR has confirmed the prospectivity of the acreage, supporting Management's initial investment proposition; the proof of the pudding, however, shall be in the eating. We will keep a watching brief on the project.

#### **In this news:**

- Update follows the completion of Phase 1 (166.44km) of an 11 line 2-D seismic acquisition programme on the 1/08 Licence ('the Licence') totalling 6,420 km<sup>2</sup>
- Four Zechstein leads have been identified on the new data which are of better quality than previous vintages. Plans are to acquire additional 2-D data and/or 3-D seismic surveys on Falster and Lolland Islands over the Zechstein Zn-2, Zn-3 and Zn-4 leads which were targeted by several of the latest 2D lines
- Seismic data confirms the western bounding fault for the Als Prospect and volumetric estimates remain as detailed in the Re-Admission Document:
  - o Zechstein
    - § Prospective Resource volumes: P90 40MMbo; P50 97MMbo; P10 192MMbo
    - § NPV10 values: P90 US\$419MM; P50 US\$1.039 Billion; P10 US\$2.007 billion
    - § Risk 1 in 8 probability of geologic success by RPS
  - o Rotliegendes
    - § Prospective Resource volumes: P90 575 Bcf; P50 1.401 Tcf; P10 3.380 Tcf
    - § NPV10 values: P90 US\$569MM; P50 US\$1.400 Billion; P10 US\$3.310 billion
    - § Risk 1 in 9 probability of geologic success by RPS
- As described in previous reports, both intervals on the Als prospect can be targeted from an onshore location and are 'drill-ready'.
- A total of 28 leads and one prospect now identified on the Licence based on available seismic data, surface soil geochemistry, some well data and a number of academic papers:
  - o Seven Zechstein leads and one prospect, four Rotliegendes leads and sixteen Triassic (Bunter Sandstone) leads.
- Due to large size of licence (1.67 million acres), should a discovery be made on drilling a well-defined Zechstein prospect, the area would offer significant further exploration potential.
- RPS believes that the risk originally assigned to the Zechstein leads remains appropriate at this stage.

- Phase 1 of the seismic programme met the Company's first phase of work obligations
- o New World can now apply for 12.5% working interest in the Project from the Danish Energy Agency

The Danica CPR can be accessed [here](#) and the Belize Update [here](#)

**Tullow Oil (LON:TLW):** Diversification Continues – Tullow's completion of the Spring Energy acquisition (announced December 2012), is not really new news, but what it does underline is the difference between those that have the capital to take advantage of unchallenging valuations, and those that don't. Tullow's acquisition feeds its exploration hopper and provides a counterpoise to the higher risk African centric production and development portfolio it currently has.

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