

# Brent Crude Oil

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## Oil and gas news summary: Gulf Keystone Petroleum, Ascent Resources, Rockhopper Exploration, Falkland Oil and Gas, Sound Oil, Solo Oil

This has been an eventful week in the oil and gas sector as **Gulf Keystone Petroleum (LON:GKP)** updated investors on its exploration campaign in Iraqi Kurdistan, while **Ascent Resources (LON:AST)** soared 80 percent on Friday after reporting a well success in Slovenia.

Ascent Resources said gas flows from the second well, PG-10, on its Petisovci project in Slovenia were more than twice the rate expected.

Preliminary testing of the shallowest of two stages of the PG-10 well flowed at a stabilised rate of 8.5 MMscfd (240,000 m<sup>3</sup>; 1,420 boepd).

As the frac stimulation moved further away from the original well the rock quality got "better and better", Ascent added.

Earlier in the week, Gulf Keystone announced that it had completed the testing programme for the Shaikan-2 deep appraisal well.

The company now plans to build a second extended well test production facility. This will allow the firm to establish oil production in the order of 40,000 barrels of oil per day from the Shaikan field.

"Following these successful well tests at Shaikan-2 and in anticipation of equally positive results from the Shaikan-4 appraisal well, we plan to design and build an additional testing and production facility for Shaikan-2 capable of producing a minimum of 20,000 bopd," said chief operating officer John Gerstenlauer.

In addition, investors had more updates from the closely followed exploration campaign in the Falkland Islands to digest this week.

**Rockhopper Exploration (LON:RKH)** this week confirmed that it has completed coring operations for the sidetrack to the 14/10-9z well.

Earlier this month Rockhopper revealed that the latest appraisal well on the Sea Lion complex was a success. Additionally the well also made a new oil discovery in the Casper exploration target.

A sidetrack was subsequently drilled to help gather more information on these reservoirs.

The sidetrack was drilled to a total depth of 2600 metres. And 60 metres of core was cut through Casper and Sea Lion reservoirs.

### Share Information

**Code:** BRENT

**Listing:** .

**Sector:** Energy

**Website:** [www.proactiveinvestors.com](http://www.proactiveinvestors.com)

### Company Synopsis:

*Brent Crude is the biggest of the many major classifications of oil consisting of Brent Crude, Brent Sweet Light Crude, Oseberg, Ekofisk and Forties. Brent Crude is sourced from the North Sea. The Brent Crude oil marker is also known as Brent Blend, London Brent and Brent petroleum. It is used to price two thirds of the world's internationally traded crude oil supplies.*

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Rockhopper's next well will be a joint venture with **Desire Petroleum (LON:DES)** in the recently agreed farm in area.

The well will target the most southerly extent of the Sea Lion Main Complex, and it will also test the Beverley exploration prospect.

Meanwhile, **Falkland Oil and Gas (LON:FOGL)** told investors that the Leiv Eiriksson rig is expected to arrive in the Falklands in late January.

The rig is currently contracted to Cairn Energy for its exploration programme in Greenland.

Once it arrives in the Falklands the rig will first drill two wells for **Borders and Southern (LON:BOR)**. Then FOGL expects to spud its first well during the second quarter of 2012.

Its first well will target the Loligo prospect in FOGL's Northern licence area.

Elsewhere in the sector, **Sound Oil (LON:SOU)** said drilling was due to begin in early to mid December this year at the Cataka-1 well on the Citarum production sharing contract (PSC) in Java.

One location - the Jatayu-1 - has been completed and the second - Cataka -1 - is almost ready for drilling after a delay due to the annual monsoon rains, the firm said.

Sector peer **Solo Oil (LON:SOLO)** is set to increase its stake in the Ausable field development project, located in Ontario, Canada, from 23.8 to 38.1 per cent.

It is buying the additional equity for C\$1.5 million.

The additional investment comes as a result of Solo's joint venture partner **Reef Resources (CVE:REE)** raising C\$1.69 million through a placing, as that funding triggered a clause in the joint venture agreement.

"We are extremely pleased that Reef has raised the additional funds envisaged under the agreement with Solo announced on 11 July 2011," said executive director Neil Ritson.

In other news, **Xtract Energy (LON:XTR)** is expecting drilling of the appraisal well on the P2 block offshore the Netherlands and the high-impact Luna exploration well in Danish waters to get underway in December.

**Chevron Corp (NYSE:CVX)** operates the P2 block and Xtract, via its wholly owned subsidiary Elko Energy, has an overriding royalty arrangement of up to 5 percent of the sales value from Chevron's share of gas delivered into the Dutch national transmission system and Chevron condensate delivered onshore.

**Bowleven (LON:BLVN)** this week revealed that it has found more oil reservoirs in the Sapele-3 exploration well, offshore Cameroon.

It said that Sapele-3 has now been drilled to target depth of 4,480 metres, after it drilled through the Epsilon Complex target.

"Sapele-3 has been a successful well, our fourth consecutive well in the Douala Basin to encounter significant

hydrocarbon intervals at multiple levels," said chief executive Kevin Hart.

A further 8 metres of net hydrocarbon pay was intersected in the deeper reservoirs. This adds to the 11 metres of net pay that was encountered within the Deep Omicron, as announced in October.

**Trap Oil (LON:TRAP)** has farmed out an 80 percent interest in the Kew asset in the UK North Sea to **Centrica (LON:CNA)** and JX Nippon to fund a drill programme required to take the project to the development stage.

Centrica's subsidiary Centrica North Sea Oil Limited now holds a 60 percent operating interest in Kew, while JX Nippon has a 20 percent stake.

"The opportunity to work with Centrica and JX Nippon on this exciting appraisal project means that Trapoil will be able to see Kew through to development, without the requirement for the financing of what will be expensive wells," said chief executive of Trap Oil Mark Groves Gidney.

**Max Petroleum (LON:MPX)** told investors that its ZMA-A19 development well in the Zhana Makat field in Kazakhstan was successful, intersecting 28 metres of net oil pay with "excellent" reservoir quality.

The well will now be completed and placed on production immediately after obtaining necessary governmental approvals, while the rig will move to drill the SAGW-2 appraisal well in the Sagiz West field, also located in Kazakhstan.

**Caza Oil & Gas (LON:CAZA, TSE:CAZ)** reported that re-entry operations at its McMillan No.1 well in Texas were successful.

The well was perforated at two intervals and fracture stimulated, resulting in initial production rates of 1.375 million cubic feet of natural gas and 57 barrels of oil on November 20.

The well is still recovering fracturing fluid and is expected to be online at the sales point within the next ten days.

"This new well is producing at expected levels and will quickly add to our current cash flow and production levels," said chief executive of Caza Oil & Gas Michael Ford.

This week's research reports included a note on **SacOil Holdings' (LON:SAC, JSE:SCL)** from Edison Investment Research.

The research house sees potential for SacOil to re-rate upon further announcements on operating success in Nigeria or the democratic Republic of Congo.

The research house said in a note that the shares trade at a substantial discount to its core net asset value of 19 pence for SacOil.

"The discount is likely to persist while current market conditions are not favouring risky junior plays. However, imminent funding issues have been eased," it said.

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