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Weekly News Round-up

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Proactive weekly oil and gas news summary - Edge Resources, Northern Petroleum, Circle Oil, Oilex and Maxim Resources

Share Information

MarketTopic Synopsis:

The news roundups, which are broken down by the sector, provide investors with an opportunity to read a summary of the most interesting news of the past five days of trading in just one story as they prepare for another busy week.

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Junior Canadian oil producer Edge Resources (LON:EDG, CVE:EDE) advanced nearly 10% this week after unveiling a significant debt refinancing which will boost its growth plans.

Edge has agreed a new $17mln revolving loan with ATB Corporate Financial Services, which replaces a facility with National Bank of Canada.

Not only does it reduce annual interest costs - it now pays the Canadian prime rate plus 1.75% rather than plus 3% - the size of the facility also more than doubles from $8mln.

Northern Petroleum (LON:NOP) has revealed an asset shuffle with the acquisition of permits in Italy and the sale of its UK unit.

It's been awarded two permits in Italy, one onshore in the Po Valley and one offshore adjoining another Northern Petroleum (NOP) project in the Sicily Channel.

Keith Bush, NOP chief executive, said the awards demonstrate that Italy's administration is now actively progressing with approvals that have been outstanding for some years.

"The company now looks forward to making progress with other outstanding applications and approvals, especially those in the Southern Adriatic, which we believe hold the greatest potential for the company in Italy," he said in a stock exchange statement.

Elsewhere this week, reduced numbers of necessary foreign workers in Liberia due to the outbreak of the Ebola virus in West Africa has meant that Canadian Overseas Petroleum's (LON:COPL, CVE:XOP) planned offshore drilling programme will be delayed.

COPL has a 17% stake in the ExxonMobil operated Block LB-13 offshore exploration project.

Nevertheless the company says the technical assessment of the project area, including geological modelling, continues and new targets have now been identified and mapped as a result.

"We continue to make significant progress with the technical evaluation of Liberia," chief executive Arthur Millholland said in a statement.

"Whilst the possible delay in the commencement of drilling is regrettable, the safety of the partnership's staff is paramount and we are confident that staff numbers in country will return to normal levels in the near future.

Independent Oil & Gas (LON:IOG) is a ‘buy' according to City broker finnCap which has set a 59p price target after an assessment of what analyst Dougie Youngson calls "a significant portfolio of near-term development, appraisal and exploration assets."

Youngson highlights that IOG's initial focus in on field development, with the emphasis on the Blythe gas project, which is scheduled to begin producing in 2016.

"The company will develop production hubs that will allow multiple small fields to be brought on-stream using shared infrastructure," Youngson said in a note. "The approach will significantly enhance the overall economics due to lower capex and opex [capital and operating expenditure]."

IOG's assets are also set to benefit from tax reliefs such as the small-field and heavy-oil allowances, Youngson points out.

From crude oil to plam oil, and Dekel Oil (LON:DKL) was bullish this week following a profitable first quarter of production reflects its confidence that the business will continue to grow.

Chief executive Youval Rasin greeted investors at the company's AGM after a year in which the company was transformed into a revenue generating crude palm oil (CPO) producer, after establishing one of West Africa's largest mills on time and on budget.

As production through the mill, which extracts crude palm oil from palm fruit, continues to ramp up Dekel is expecting to see a number of important milestones in the coming 12 months.

Dekel has told investors that the mill is performing well, and the recently reported 23.8% extraction rate was above expectations and was "among best in the industry".

On Monday, shares in Oilex (LON:OEX) jumped 40% as its pivotal Cambay 77H well flared gas and flowed light oil and condensate following a successful fracking programme.

The company said that hydrocarbon flows through the ‘clean-up' phase were strong, and Cambay 77H exhibits characteristics of a high performance well.

More definitive production testing will begin once the ‘clean-up' phase is complete and all the water from the fracking programme has been recovered. Thus far 40% of the ‘frack water' has now been recovered.

On Thursday, the end-quarter report from the company revealed the company's net oil production in the three month period more than doubled.

Net oil production in the second quarter was 665 barrels, up from 244 barrels in the first quarter when there was one lost time incident recorded on the Cambay-77H drilling operations in Gujarat, India.

The Cambay field produced 789 barrels, of which 355 were attributable to Oilex, which is the operator of the field and has a 45% stake.

The Sabarmati field, also in Gujarat, produced 775 barrels, of which 310 were net to Oilex, up from 281 barrels (Oilex: 112) in the preceding quarter.

At the end of the quarter the company retained a cash position of A$7.5mln.

Toronto listed Maxim Resources (CVE:MXM) has got the green light to begin work at the Hassi Berkane block onshore Morocco.

The oil firm has received reconnaissance concession authorisation, which is required to carry out the research needed to meet the requirements of the contract with the state-owned oil firm ONHYM unveiled last month.

The work will include geophysical surveys and geotechnical review of existing data and will be completed within around four months.

With a successful review of the data Maxim, with ONHYM, will have the right to obtain an exploration permit for all or part of the concession.

Maxim's chief executive Art Brown told investors: "Maxim is pleased to now be able to move forward with Stage 1 of our reconnaissance works on Hassi Berkane.

Finally, Europa Oil & Gas (LON:EOG) said the drilling of the Egdon Resources-operated (LON:EGD) Wressle-1 well in Lincolnshire began last Saturday.

Targeting 2.1mln barrels of oil, it will go to a depth of 2,300 metres and should be completed in 38 days.

With a one-in-three chance of success, Wressle has the potential to add materially to Egdon's inventory.

The AIM-listed group has a 33.3% stake, Egdon 25%, Celtique Petroleum 33.3% and Union Jack Oil & Gas 8.3%.