

Jersey Oil and Gas PLC

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Jersey Oil and Gas details Buchan's "significant" oil resources, future farm-outs eyed

Jersey Oil and Gas PLC (LON:JOG) has revealed the findings of a new independent evaluation of its recently acquired Greater Buchan Area project in the North Sea.

The AIM-quoted explorer this summer landed the GBA asset, via the UK's 31st offshore licensing round, and it has moved quickly to assess the project's potential.

Contractor Rockflow Resources has penned a new competent persons report for the project, identifying some 94.7mln barrels of technically recoverable crude net to Jersey.

Rockflow details some 81.2mln barrels (in the mid-case) within the Buchan oil field, plus a further 3mln barrels in the smaller Buchan Andrew discovery and 11.9mln barrels in the J2 Sgiath discovery.

READ: Jersey Oil & Gas hires Rockflow and Petrofac for Buchan project

The low case estimate envisages a total of 71.3mln barrels for the GBA whilst the high-case estimate comprises some 114.4mln barrels. The estimates represent a relatively tight range of estimates.

Moreover, the stock market statement gives a valuation of £791m for Jersey's 'mid-case' contingent resources - including the new GBA estimates along with the explorer's share of the Verbier discovery.

"Together with JOG's 18% share of the Verbier discovery, this gives a total of nearly 100mln barrels (MMstb) net to JOG and provides a contingent resource valuation (NPV10) of nearly US\$1bn net to JOG for Buchan, the J2 discovery, Buchan Andrew and the company's share of Verbier in the adjacent licence," said Andrew Benitz, Jersey chief executive.

"This independent valuation supports the significant value proposition for developing the base case discovered volumes that JOG owns within its core Greater Buchan Area assets."

Equinor not joining GBA, future farm-outs eyed

In a separate statement, Jersey reported that Equinor - its partner at Verbier - had elected not to exercise its option to acquire a 50% stake in the GBA asset.

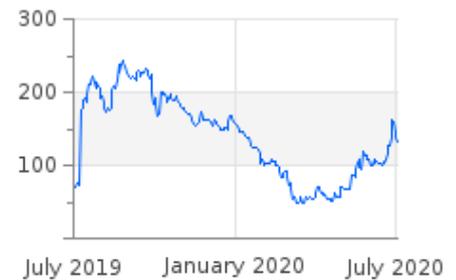
Equinor had been granted a three-month option for the project as Jersey picked up the project from the UK government.

The Norwegian oil will continue its efforts to mature and assess the opportunities in the adjacent Verbier acreage, Jersey said.

Price: 132.5

Market Cap: £28.92 m

1 Year Share Price Graph



Share Information

Code: JOG

Listing: LSE

52 week	High	Low
	328	45.05

Sector: Oil & Gas

Website: www.jerseyoilandgas.com

Company Synopsis:

Jersey Oil and Gas is a British independent North Sea focused upstream oil and gas company, driving shareholder value through creative deal making and operational success. To view the latest AGM updated and narrated corporate presentation which includes answers to certain questions submitted by shareholders ahead of the meeting please [click here](#) and click here.

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Andrew Benitz told investors that Equinor's decision "provides JOG with greater flexibility, control and the full value potential of this very exciting new area development project."

He said: "Jersey Oil and Gas continues to enjoy a strong collaborative working relationship with Equinor that began by bringing them into P2170 as a farm-in partner in 2016.

"It was as a result of this collaboration that we offered them, at this early stage of the project, a 90 day opportunity to participate in our Greater Buchan Area plans."

The Jersey boss highlighted: "As we progress to define and select the best development concept, we will consider farm-outs for value to industry partners prior to submitting FDP in 2022."

WH Ireland expects positive reaction

Stockbroker WH Ireland has a positive outlook for Jersey shares, for both today and "the mid term", as the market digests and looks forward to the company's development plans.

"In our opinion, the report confirms that the company's centre of gravity now clearly resides on the Buchan field with 81.2m barrels of recoverable resource," analyst Brendan Long said in a note.

"We believe this is positive because this field has produced for decades and benefits from a high level of data and understanding.

"Most importantly having a strong asset that can deliver scale and attractive economics is what we believe will attract, at the appropriate time, the substantive capital to fund a development programme.

"On balance we are very impressed that Jersey, which is essentially a small/growing oil & gas company has landed the assets it now holds."

Long added: "We are further impressed that the company has only issued 21.8 million shares to get it to where it is today.

"We believe the company is doing it right and stands to be a real UK North Sea winner."

Jersey highlights hub plan for Buchan

The company, in Tuesday's statements, describes Buchan as a "significant redevelopment opportunity" whilst highlighting that the field's past production was curtailed prematurely as a result of safety concerns over aging production facilities, which have since been removed by a previous operator.

It has the potential to produce for decades to come, the oil junior stated.

"A wealth of subsurface data exists on the field, with two major independent studies concluding that the field has remaining mean case recoverable volumes of approximately 80m barrels of oil equivalent," Jersey said.

"Buchan has historically produced almost entirely through only natural depletion and the deployment of modern technologies and practices are expected by JOG's management to enable the field to produce for potentially in excess of a further twenty years."

Located in the adjacent licence to Verbier and located close to satellite resources in the J2 and Glen discoveries, the plan will be to develop Buchan as a production hub for the broader area.

Those discoveries, including Verbier, represent "attractive potential tie-back opportunities" for the Buchan hub, according to Jersey.

"In aggregate, JOG internal estimates indicate that some 144 mmboe of gross recoverable resources can be commercially produced through the Buchan hub, which would make it the largest new area hub in the UK Central North Sea since Golden Eagle," it added.

"Additionally, within the catchment area of the GBA, there is significant upside potential to tie in additional third party discovered resources and any further GBA exploration upside."

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