

88 Energy Ltd

20:30 18 Jan 2020

Proactive weekly oil & gas highlights: Genel, 88 Energy, Falcon Oil & Gas, United, Sound Energy, Tower Resources, Anglo African

Companies with production were in focus this week as fourth quarter updates were released across the sector, and, on Thursday, Genel Energy PLC (LONGENL) CEO Bill Higgs has celebrated 2019 as a "successful year" for the Iraq focussed oil and gas firm.

In a trading update, ahead of full-year financial results due for release on 17 March, the group told investors that it delivered some 36,250 barrels of net oil production per day from the Kurdistan region of Northern Iraq. The company pointed out that it brought 19 wells into production during 2019.

In terms of financials, Genel said that it received some US\$317m of cash proceeds from the Kurdish authorities in 2019, while the group's free cash flow amounted to US\$99m before dividends.

Earlier, on Tuesday, Genel highlighted a trading update released by DNO - its partner in Kurdistan - which reported an increase in production volumes from the Tawke field.

The Tawke licence, which is host to two fields, produced 124,000 barrels of oil per day (bopd) in 2019, up from 113,100 bopd in 2018. At the Tawke field itself production amounted to 68,000 bopd as newly drilled wells supported operations, while the Peshkibir field flowed with 55,200 bopd of production thanks to new wells which added around 40%

In the fourth quarter, gross production from the licence measured 122,800, marking an improvement of 3,000 bopd in the preceding three-month period. Genel owns a 25% interest in the Tawke licence, along with a 44% interest in the Taq Taq licence.

88 Energy Ltd (LON:88E) has told investors that the preparation for the Charlie-1 well is "progressing to plan" with spudding expected soon. In a statement, he Alaska-focused explorer said that ice road construction is underway and its base layer is presently about 25%.

A permit to drill has been submitted, with approval expected in January. It said that a more accurate forecast for the anticipated February spud along with the timings for drilling, logging and testing will be communicated in due course.

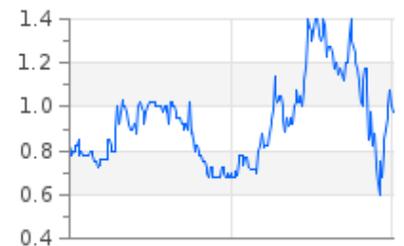
Australia focussed explorer Falcon Oil & Gas Ltd (LON:FOG, CVE:FO) said that the Kyalla 117 N2-1H well, at the Beetaloo shale project, will undergo sidetrack drilling after the well's original horizontal section experienced operational challenges.

The Australian shale well's vertical section was completed in November, and, horizontal drilling subsequently began in early December. After 700 metres - of a section intended to span at least 1,000 metres - drilling challenges were encountered affecting the maintenance of clean hole conditions and stability in certain sections.

Price: 0.975

Market Cap: £69.32 m

1 Year Share Price Graph



April 2019 October 2019 April 2020

Share Information

Code: 88E

Listing: AIM

52 week	High	Low
	1.48	0.535

Sector: Oil & Gas

Website: 88energy.com

Company Synopsis:

The company's goal is to build a successful exploration and production company that delivers material benefits to its shareholders and contributes to the development of the regions in which it works.

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As a result, the original production section will be plugged, in line with regulatory requirements, before the sidetracking and drilling of a new horizontal production section. The company noted that such work is not uncommon in an exploration drilling program like this.

It is expected that the new drilling will start next month. Fracture stimulation activity will only occur after the successful completion of drilling and the integrity of the well is tested and verified.

United Oil & Gas PLC (LON:UOG) reported that Tullow Oil PLC (LON:TLW), partner and operator for its high potential Jamaica exploration project, reached an agreement with the Jamaican authorities to extend the initial exploration licence period by six months. It means that a 'drill or drop' decision will need to take place before 31 July 2020, rather than 31 January 2020.

A joint farm-out partnering process is presently underway, led by Tullow, ahead of anticipated exploration drilling programme in 2021 to test the Colibri prospect (estimated to host some 229mln of potential resources). In Tuesday's statement, United noted that a number of interested parties are continuing their evaluation of the licence data, and the extension was granted to provide sufficient time for these to be completed.

In Morocco, Sound Energy PLC (LON:SOU) extended negotiations over the gas sales agreement for the Tendrara gas project in eastern Morocco, with a new deadline of 31 March 2020. It comes as the company continues to move Tendrara towards a Final Investment Decision.

The company is working on a 'build-own-operate-transfer' funding solution for the infrastructure development that will support Tendrara, it noted.

The Environmental Impact Assessment (EIA) approvals process is progressing well, with a second meeting with the Moroccan Ministry of Energy, Mines and Environment to review the document on 28 January - following the first meeting, which took place in October. At the January meeting the committee will consider and, if agreed, approve the EIA.

Tower Resources PLC (LON:TRP) revealed that the Cameroon authorities have communicated that the government has decided to approve the company's application to extend the initial exploration period for the Thali licence. Previously the initial exploration period had an expiration date of 15 September 2019, and, last year the company requested a twelve-month extension.

The application was made to Cameroon's Ministry of Mines, Industry and Technological Development.

In a statement, Tower said: "His Excellency the Minister has now formally notified the company that the Government of Cameroon has decided to grant a further exceptional one-year extension to the initial period of the exploration phase of the Thali PSC as requested by the company." It comes as the company seeks to drill and complete the NJOM-3 well.

A deal with Anglo African Oil & Gas PLC (LON:AAOG) and Zenith Energy PLC (LON:ZEN) outlined agreements for 'put and call' options so that Zenith can acquire a final 20% stake in the AAOG Congo subsidiary which holds a 56% interest in the Tilapia field.

In December, Zenith agreed a deal to acquire 80% of AAOG Congo from AOOG, and, via the new option deal, it can take full ownership of the subsidiary subject to Tilapia's production performance in the next year.

Under the 'call' option, Zenith can buy the remaining 20% stake in AAOG for £1mln if, before 15 January 2021, the Tilapia field does not exceed a production rate of 2,000 barrels oil equivalent per day (boepd) over 30 consecutive days. The 'put' option would see Zenith pay £2.5mln if in the same timeframe the Tilapia field averages at least 4,000 boepd for a period of 30 consecutive days.

Under either condition, the transaction fee would be paid in shares not cash.

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