

United Oil & Gas PLC

22:39 02 Jun 2020

United Oil & Gas's Egypt deal is "gift that keeps on giving" - Cenkos

Stockbroker Cenkos has described United Oil & Gas PLC's (LON:UOG) Egyptian acquisition as "the gift that keeps on giving".

Cenkos analyst James McCormack, in a note, highlighted that it has transformed the company into a full-cycle E&P, by adding low-cost production.

Moreover, the transaction was further boosted by expectation beating results of new drilling since the acquisition was first agreed in 2019.

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He notes that with the latest well driving net production to 1,760 barrels oil equivalent, the asset now yields some 60% more than it did at the time of the deal.

Cenkos is house broker to the company and it has repeated a 'buy' recommendation for the oil and gas share.

McCormack said: "we believe United is one of the leanest companies in the sector, making the Company much more resilient to the current low oil price environment."

He added: "With low operating costs (cUS\$6.5/bbl) and drilling costs, Abu Sennan remains cash flow positive with oil prices below US\$20 per barrel,"

"Additional downside protection comes from the Company's pre-payment facility with BP, effectively hedging 6,600bbls per month at US\$60/bbl until September 2022 and its longterm fixed gas contracts, insulating 20% of United's production from the current price volatility."

Central to the strong performance in Egypt is the ASH-2 well in the Abu Sennan permit.

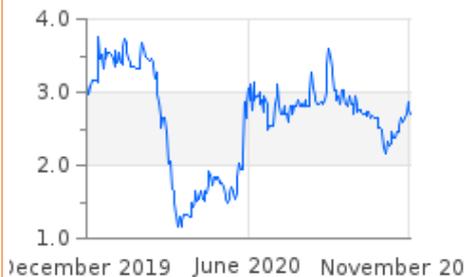
It was tested at a rate of 7,027 bopd in December and after subsequently coming online has been producing at around 3,000 bopd gross.

McCormack notes that ASH-2 has significantly outperformed pre-drill expectations and demonstrates the presence of a sizeable accumulation.

Price: 2.61

Market Cap: £16.32 m

1 Year Share Price Graph



Share Information

Code: UOG

Listing: AIM

52 week High Low
4.19 1

Sector: Oil & Gas

Website: www.uogplc.com

Company Synopsis:

*United Oil & Gas Plc (UOG) is a rapidly-growing full-cycle AIM-listed oil and gas company with the energy and capability to build on our track record of delivery. *

Focus on low-risk production and development projects in Egypt, Italy, and the UK, and high-impact exploration in Jamaica.

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