

United Oil & Gas PLC

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United Oil & Gas Jamaica licence approval a "pivotal moment" for the explorer, says City broker

Broker Cenkos has described as a "pivotal moment" United Oil & Gas PLC's (LON:UOG) receipt of approval from the Jamaican government to take forward the Walton Morant Licence with the initial exploration period also extended for 18 months.

It has been assigned Tullow Jamaica Ltd's 80% equity for a nominal fee, leaving it as operator and 100% equity holder.

"We view the award of the Walton Morant licence as a huge endorsement of the United team and its capabilities to operate a frontier, deep-water licence," said Cenkos, reiterating its 'buy' advice after increasing its net asset valuation of United to 17p a share.

Mid-morning the stock was changing hands for 2.87p, up 2%.

Prompting the Cenkos valuation change was a re-assessment of the Colibri prospect now that the AIM-listed explorer is the full owner of Walton Morant. On its own, the 229mIn barrel opportunity is worth 7.1p (or more double the current share price).

"Colibri is optimally-located to test the offshore Jamaica petroleum system and has been further supported by the recent identification of an active oil seep to the south of the structure," said Cenkos.

"Success at Colibri would also significantly de-risk the follow-on potential across the rest of the basin."

The broker points out that while exploration of the sort set to be carried out by United is risky, "there is compelling evidence that a working petroleum system is present in Jamaica", adding that eleven wells have been drilled to date, "with all bar one indicating hydrocarbon shows".

With the extension to the initial exploration period, United said it now has until January 31, 2022, before the drill-or-drop decision is required.

The company plans to complete a work programme to further de-risk Colibri and perform detailed interpretation of the numerous follow-on targets, including Moonraker, Thunderball, Moneypenny, Jaws, Goldfinger, Vesper, Oriole, Earspot and Rumpspot.

It is believed this work will have a significant impact on the continuing farm-down process, the group added.

In a statement, Brian Larkin, United Oil and Gas's CEO, said: "Walton Morant has the potential to have a major impact on United Oil & Gas and we are delighted to have successfully concluded an agreement with the Jamaican government to take on operatorship and to develop this licence for the benefit of all stakeholders."

Price: 2.632

Market Cap: £16.45 m

1 Year Share Price Graph



December 2019 June 2020 November 20

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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