

Canadian Overseas Petroleum Limited

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Canadian Overseas Petroleum boss upbeat on offshore Nigerian opportunity

Canadian Overseas Petroleum Limited (LON:COPL, CVE:XOP) boss Arthur Millholland says he hopes the first well will be drilled at the exciting OPL 226 licence offshore Nigeria at the end of this year or the beginning of next.

Speaking in an interview with Share Talk TV, Millholland said the potential opportunity was "large" and the firm was "quite excited about it".

- READ - Talks over Nigeria exploration funding advancing well says COPL

The block lies 30 miles offshore in 150ft of water in the Central Nigerian delta, where five wells historically were sunk - three hitting oil and gas and two hitting gas.

COPL is in a 50:50 partnership on the block with the Nigerian national oil company and the terms and economics are attractive, he said.

Operationally, plans are advanced with drilling locations finalised, well design on track, and discussions with rig contractors in train.

In terms of financing, which also needs to be finalised, investment bankers Cofarco and Zeus Capital are in talks with a number of oil traders, merchant banks and service providers.

The initial estimate of the cost of the well was put at US\$28mln over a year ago, which has now gone down to US\$19mln and will fall further, says the company boss, due to the dynamics of the current global oil market.

The idea is to drill an initial well - an offset to a discovery well in 2001, which can be quickly put on production via an early production scheme, and generate cashflow.

Then two or three further wells will be drilled ahead of full scale development, he suggested.

The target initially would be between 6 and 10,000 barrels of the black stuff a day, says Millholland - so this is a sizeable opportunity.

Moreover, the block is extremely large with other development and exploration opportunities on it, he also highlighted.

So the focus is on Nigeria now, while a decision on the future of its Liberia licence, where the operator is US supermajor ExxonMobil (NYSE:XOM), is due at the end of this month.

COPL had a major disappointment in December last year when a keenly anticipated well off the coast of Liberia found nothing and it is still assessing the rest of block LB-13, in order to decide whether or not to proceed into a third

Price: 1.125p

Market Cap: £14.32M

1 Year Share Price Graph



Share Information

Code: COPL

Listing: LSE

52 week High Low
11.875p 0.5p

Sector: Energy

Website: www.canoverseas.com

Company Synopsis:

Canadian Overseas Petroleum Limited is a junior oil and gas company focused in Sub-Saharan African. The company is headquartered in Calgary, Canada. Our shares trade on the London Stock Exchange ("COPL") and on the TSX Venture Exchange ("XOP"). Our team of highly skilled geologists and engineers have years of experience in the UK basin, West Africa, and a variety of regions throughout the globe.

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exploration phase.

COPL shares in London added 1.30% to 0.58p.

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