

Caspian Sunrise

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Kazakhstan-focused oilfield developer Caspian Sunrise may have discovered third shallow oil structure

Caspian Sunrise PLC (LON:CASP) thinks it may have uncovered a new oil-bearing structure during the drilling of its latest shallow well.

Work on well 808, north of the South Yelemes portion of the BNG Contract Area, Kazakhstan, identified five horizons.

The company is hoping that after analysis and testing it might be able to prove the existence of a new discovery and a third shallow structure at BNG.

"We now look forward to assessing what we have and whether we have discovered a new structure," said chairman Clive Carver.

BNG Licence, which covers an area equivalent to that ringed by the M25, London's giant orbital motorway.

Nearology on its side

It has 'nearology' on its side, sitting around 40 kilometres from the giant Tengiz field, host to 9bn barrels of crude.

Current output comes from the shallow play, where it is producing gas from a structure developed during the Soviet era along with around 1,200 barrels of oil production for which it receives the local rate of US\$16 per barrel.

Even at that this price the output is cash generative and drilling is so cheap at US\$1.2-\$1.3m per well that the payback is around a year.

These shallow wells go down to between 2,500 and 2,7500 metres. The deeper lying oil is found down to around 5,000 metres through a salt layer.

Deeper and more valuable

The deeper wells tend to come in at around US\$10m, though anywhere else in the world a hole of that depth and complexity would cost upwards of US\$60m.

The lid is being kept on the overhead by the bargain basement rig rates and the weakness of the local currency.

To date Caspian has sunk three deep wells (801, A5 and A6) with mixed results. The problem has been with an excess of drill mud.

Carver is confident the problems can and will be rectified. The plan in the coming quarter is to re-enter A6 with a side-track planned for A5.

If one or both can be put on production for a week or more (the IP rates are expected to be 2 to 3,000 barrels a day), then the company can hand the data to its consultant Gaffney Cline Associates, which will update the company's

Price: 9.25

Market Cap: £174.15 m

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: CASP

Listing: AIM

52 week	High	Low
	14.65	4.1

Sector: Oil & Gas

Website: www.caspiansunrise.com

Company Synopsis:

Caspian Sunrise PLC is a Kazakhstan based oil and gas exploration and production company established in October 2006 and listed on the Alternative Investment Market of the London Stock Exchange in May 2007. The Company's objective is to create shareholder value from the development of oil and gas projects and associated activities.

action@proactiveinvestors.com

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