

Union Jack Oil PLC

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Analysts back Wressle partners Europa Oil & Gas, Egdon Resources and Union Jack after planning disappointment

City analysts have been somewhat supportive following the latest disappointment in the planning process for the Wressle project, onshore UK.

In a set of statements, released after Wednesday's market close, Wressle stakeholders Egdon Resources, Europa Oil & Gas (Hoidiings) and Union Gas Oil Plc (LON:UJO) revealed that North Lincolnshire Council Planning Committee refused an application to extend planning consent for the Wressle site to 1 August 2019.

A separate, new planning application was made last month - the field could be brought online relatively quickly if permission can be secured.

READ: Wressle partners hit by latest planning disappointment

Union Jack shares were down 13.27% following the news, meanwhile, both Europa and Egdon were on the back foot, losing around 3% each in the morning's early transactions in London.

Egdon's share price weakness "represents a significant overreaction" according to VSA Capital analyst Oliver O'Donnell who values the oil junior's stake in Wressle at around 0.9p.

"Although we recognise the benefit of additional cash flow [from Wressle] and the consequent disappointment from the decision in terms of sentiment we also highlight that Egdon will benefit in H2 2018 from the restart of the Ceres well which is currently producing from backout gas," the analyst said.

Elsewhere, Cantor Fitzgerald analyst Jack Allardyce added: "In our view, this decision seems baffling given the circumstances, but unfortunately somewhat in-keeping with the inconsistent historical behaviour of the NLCP.

"While Wressle does not make up a significant proportion of our risked valuation, it would provide welcome additional production and cash flow, and yesterday's decision is clearly disappointing."

Disappointment after Wednesday's close

Egdon, the project operator, highlighted in a stock market statement that the application had been recommended for approval by the council's own planning officers.

"The decision of the committee is clearly disappointing given that the application had been recommended for approval," said Mark Abbott, Egdon managing director.

Abbott also highlighted that Egdon had recently submitted a new application for the development of the Wressle oil field and, according to the company, the new documents comprehensively address the reasons for the refusal of the original planning applications and subsequent appeals.

Price: 0.165

Market Cap: £25.48 m

1 Year Share Price Graph



Share Information

Code: UJO

Listing: AIM

52 week High Low
0.38 0.08

Sector: Oil & Gas

Website: unionjackoil.com

Company Synopsis:

Union Jack Oil plc is an onshore oil and gas exploration company with a focus on drilling, development and investment opportunities in the United Kingdom hydrocarbon sector listed on the London Stock Exchange AIM market (Ticker: UJO).

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Hugh Mackay, chief executive of 30% stakeholder Europa Oil & Gas Holdings Plc (LON:EOG), in a separate statement, added: "The board of Egdon has been forthright in its intention to appeal this decision and we will stand by for further updates in due course."

"Bringing Wressle on-stream would augment our current net daily production to approximately 250 bopd and generate a valuable revenue stream for reinvestment across our multi-stage portfolio of licences onshore UK and offshore Ireland."

"With this in mind, we remain hopeful of a resolution to the outstanding issues to ensure a satisfactory outcome for all parties."

Union Jack Oil PLC (LON:UJO), meanwhile, retains a 27.5% stake in Wressle, alongside fellow partner Humber Oil & Gas Ltd which has 12.5%.

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