

Falcon Oil & Gas Ltd

07:30 16 Aug 2018

Falcon Oil & Gas and Origin Energy agree to ramp-up Beetaloo activity

Falcon Oil & Gas Ltd (LON:FOG, CVE:FO) and partner Origin Energy have agreed to accelerate exploration activity for the Beetaloo shale project.

Together they now deem the Stage 1 campaign to be complete, essentially meaning that in light of the 2014 successes - drilling three vertical wells and one horizontal, fracture stimulated well - that it is now appropriate to move ahead.

With the launch of the Stage 2 campaign the partners are increasing the 'cost cap' (i.e. the portion of costs covered by Falcon's farm-out deal with Origin) by A\$15mln, with the programme now comprising two horizontal, fracture stimulated wells and will not include the fracking of a vertical well.

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In all, the Stage 2 cost cap is now A\$65mln. Any portion of the additional budget not spent in Stage 2 will carry over into Stage 3 (which presently has a cap of A\$48mln).

Stage 3, to take place in 2019, will narrow in on the 'liquids-rich' gas fairways within the Kyalla and Velkerri plays, with the programme presently slated to comprise one vertical and two horizontal wells. Preparations for the Stage 3 drilling are already underway.

"Today's announcement is an exciting development for Falcon shareholders and is due to significant technical work carried out by Origin over the past 18 months," said Philip O'Quigley, Falcon chief executive.

"The agreed acceleration of the work programme into Stage 2 is technically driven and the A\$15m cost cap increase provides Falcon with additional financial flexibility.

"We are very excited about the upcoming drilling programme with the objective of appraising and assessing commerciality of the prospective plays."

Under the partnership deal with Origin, the major Australian partner is committed to cover some US\$101mln of Falcon's costs for upcoming wells.

Price: 19.75p

Market Cap: £183.81M

1 Year Share Price Graph



January 2018 July 2018 January 2019

Share Information

Code: FOG

Listing: AIM

52 week High Low
26.40p 13.00p

Sector: Energy

Website: www.falconoilandgas.com

Company Synopsis:

Falcon Oil & Gas Ltd. is a global energy company that is focused on acquiring, exploring and developing large acreage positions of unconventional and conventional oil and gas resources. We focus on areas in politically and economically stable countries that are characterized by a high regional demand for energy with existing infrastructure allowing rapid delivery of oil and gas to market.

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