

# United Oil & Gas PLC

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## United Oil & Gas fares best as Colter consortium mulls next steps

It may be too harsh to call the Colter appraisal well a curate's egg, nevertheless, sentiments certainly differ, depending upon which vehicle punters boarded to speculate on the south coast well.

United Oil & Gas PLC (LON:UOG) saw its share trade down about 13% in Friday morning's deals, whereas fellow project partners Baron Oil PLC (LON:BOIL) and Andalas Energy & Power PLC (LON:ADL) both lost over half their market value - United owns a 10% stake in Colter while Baron and Andalas each have 8%.

**READ:** United Oil & Gas to evaluate commercialisation options as Colter appraisal completes

Reabold Resources PLC (LON:RBD) has an indirect stake in the project (owning a 32.9% of 49% Colter stakeholder Corallian) and its shares lost 6%.

The stark range of share price reactions shows how each listed entity was geared differently to what was always something of a high-risk high-reward offshore oil well.

For United, it shows the importance of asset diversification and underlines the fact that the company has value elsewhere in its portfolio. With projects in the North Sea, in Italy and Jamaica, for example, United's future was never pinned entirely upon what might be found at the bottom of a hole off Bournemouth's sandy shore.

It is evident that the disappointment (such that it is) has been felt much more heavily by those holding shares in Baron and Andalas.

The widely different impacts also probably reflect the extent to which the project partners may be positioned to fund ongoing participation in what now looks less like a quick 'slam dunk' project.

Given that the Colter well actually confirmed crude is present in its main target and also unearthed oil in a 'bonus' discovery, one would assume that further work will now be required if it is to advance to commercialisation - obviously, someone will need to pay for that work.

Colter was neither a dud nor a slam-dunk

Nobody can really say that Colter is a dud well, but, plainly it could have been better.

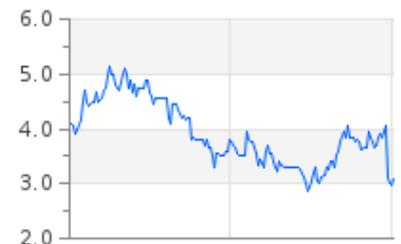
On Friday morning, it was reported that sidetrack drilling, required because the initial hole missed the appraisal target, had now completed.

The sidetrack encountered oil and gas shows in the targeted appraisal zone, though it was found deeper than expected, suggesting that the reservoir is smaller than previously thought.

**Price:** 3.075

**Market Cap:** £10.63 m

### 1 Year Share Price Graph



December 2018 April 2019 December 2019

### Share Information

**Code:** UOG

**Listing:** AIM

**52 week High Low**  
6.2 2.58

**Sector:** Oil & Gas

**Website:** www.uogplc.com

### Company Synopsis:

*United Oil & Gas (UOG) is an independent oil & gas start-up established in 2015. We are a former Tullow Oil team, with a strategy to acquire assets where the management team's experience can drive near-term activity to unlock previously untapped value.*

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For context, Colter North had some 4.1mln barrels of contingent oil resources (proven by a previous well) prior to this year's drilling and the new well had aimed to verify an estimated 15mln barrels of prospective resources located to the west of the older discovery well.

The 'bonus' Colter South discovery (perhaps somewhat oddly) is believed to have potential for a 15mln barrel oil resource, though further evaluation will be required to pin down precisely what's there.

It was noted additionally that oil and gas shows were also encountered in shallower Jurassic intervals, mirroring reservoirs that are producing at the nearby Kimmeridge oil field.

According to United, this gives encouragement in terms of the prospectivity of adjoining onshore licences.

Importantly, it should not be forgotten that the project is in relative proximity to existing production and export infrastructure with the large Wytch Farm oil field located immediately to the north.

#### Forward work programme

United told investors that the next phase of evaluation will support a forward work programme and it will consider options for commercialisation.

"The Colter appraisal campaign has delivered a new discovery and significantly increased our understanding of the Colter prospect," said Brian Larkin, United Oil & Gas chief executive.

"While we are obviously delighted by the discovery of Colter South, which with an estimated mean recoverable volume of 15 mmbbls is an exciting discovery and appears to have exceeded our pre-drill requirements for commerciality, Colter North has not delivered in the way that we would have hoped.

"We will continue to work with the partners to evaluate the best way of commercialising the licence and the considerable data we have acquired during this campaign will help the partners decide on their next steps."

Larkin added: "A key part of the United Oil & Gas strategy is that of maintaining a diverse portfolio where we drive near-term activity for our shareholders with the goal of unlocking previously untapped value within our suite of assets.

"Whilst the evaluation of Colter and the new discovery at Colter South progresses, United will continue to have a busy calendar ahead: we will be looking to push our more mature licences such as Selva and Waddock Cross through development into production; we will be working on progressing joint-venture discussions for our North Sea licences, as well as making forward plans for our high-impact Jamaican prospects - all of which offer considerable potential upside for shareholders."

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