

Jersey Oil and Gas PLC

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Jersey Oil and Gas's recent share plunge could be overdone, along with other small cap oilers

In recent months, several junior oil and gas explorers have turned up disappointing well results that have sent their share prices spiralling downwards.

A recent addition was Jersey Oil and Gas PLC (LON:JOG), which after reporting a dry well from the Verbier project in the North Sea, in which it holds an 18% stake, saw its shares drop 64% on Wednesday morning to 81.5p.

READ: Jersey Oil and Gas still confident in Verbier's viability despite well disappointment

While the shares have recovered marginally, hovering around 97.5p in late afternoon trading, the company has lost nearly two-thirds of its value.

The result also caps the resource estimate to 25mln barrels of oil equivalent, the very tail end of previous estimates that had predicted a range of between 25mln-130mln.

The lowered estimate is almost certain to have disappointed Equinor, the Norwegian state-backed operator that was taking the lead on Verbier.

However, Jersey isn't down and out, with chief executive Andrew Benitz saying the company still considered the development "commercially viable", highlighting that a large part of the mapped area located to the north remained untested and additional resource upside potential was identified in a deeper horizon beneath the Verbier discovery.

While the costs of Verbier haven't been worked out yet, a Jersey investor presentation back in January gave a baseline estimate that the pre-Verbier appraisal asset value amounted to some US\$22mln, whilst at the same time highlighting possible upside cases in the event that the well increased the project's resource.

So despite the setback, the firm is still sitting on a sizeable discovery.

88 Energy sees more opportunity in Alaska despite Winx-1 disappointment

Another recent faller, 88 Energy PLC (LON:88E) shares dropped 37% to 0.83p on 13 March after a disappointing result from its Winx-1 well in Alaska.

There has been little improvement in the shares since then, as they have mostly kept to that level without any significant swings either way.

READ: 88 Energy outlines Alaska opportunities as farm-out deal moves closer

However, a few days later the firm unveiled that some of its other assets in Alaska seemed much more promising.

On 20 March 88 said that it was closer to a deal with a potential exploration partner for its Icewine project, located in

Price: 69.6p

Market Cap: £15.19M

1 Year Share Price Graph



May 2018 November 2018 May 2019

Share Information

Code: JOG

Listing: LSE

52 week	High	Low
	249.00p	58.00p

Sector: Energy

Website: www.jerseyoilandgas.com

Company Synopsis:

Jersey Oil and Gas is a British independent North Sea focused upstream oil and gas company, driving shareholder value through creative deal making and operational success.

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what it says is a "prolific oil-rich province" of the state.

It also recently noted a significant increase in industry activity to the west of Icewine, with ConocoPhillips, the world's largest independent pure-play exploration and production company, acquiring 3D seismic for a site 15 miles away.

United Oil & Gas diversifies into Benin following Colter well result

United Oil & Gas PLC (LON:UOG) also suffered a tumble after drilling results from the Colter appraisal well off the coast of Bournemouth, in which it has a 10% stake, showed that, while not a complete dud, it wasn't exactly a slam dunk either.

The shares dropped around 9.5% on 8 March to 3.8p and dipped further over the month before recovering to that same level on 3 April.

However, while not the 'sure thing' that many investors had hoped for, the well did confirm that crude was present in its main target and also unearthed oil in a 'bonus' discovery, so if companies are able to stump up the more cash it could advance to commercialisation.

READ: United Oil & Gas expands portfolio with 'potentially transformational' frontier exploration opportunity in West Africa

UOG also isn't putting all of its eggs in one basket with Colter, with its portfolio including projects in the North Sea, Italy and Jamaica. Putting it simply, United's future was never pinned entirely upon what might be found at the bottom of a hole off Bournemouth's shore.

More recently, the firm has expanded its portfolio after inking an option deal which will allow it to acquire a 20% stake in the Bénin Onshore Block B, located in West Africa.

Block B is surrounded by prolific hydrocarbon producing regions, and there are excellent positive indications of a working petroleum system, the company said. It also noted that oil and gas seeps have been reported from water wells within the Block.

A potential snag is that the Block is located in a frontier area, where no wells have been drilled to date, so the company may need to bring in a major player on board to help provide the infrastructure needed to get the oil out of the ground.

This will rely, however, on having a discovery that makes it worth their while.

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