

Sound Energy PLC

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Sound Energy redraws plans for East Morocco after drilling results

- Sound Energy PLC (LON:SOU) operates in Morocco at Tandrara and Sidi Moktar
- **A review is underway that might result in the sale of its operations in East Morocco**
- **That would include the TE-5 discovery where it has just received a proposal for a gas sales agreement from Morocco's state power group**

What it does

The East Morocco operation comprises three areas - Tandrara, Greater Tandrara and the Anoual Permit.

In August 2018, Sound signed an eight-year petroleum agreement that pulled together the Tandrara and Matarka exploration areas into one licence and also brought long-term partner Schlumberger in with a direct interest.

Sound holds 47.5% of the area, alongside Schlumberger, which has a 27.5% direct interest and the state's ONHYM vehicle, which retains a 25% stake.

This deal also united Greater Tandrara, the Anoual permit and TPE, the 25-year production concession for the Tandrara TE-5 gas discovery.

How is it doing

Greater Tandrara

Recent exploration here has already seen Sound hit substantial additional quantities of gas at Tandrara through the TE-6 and TE-7 wells.

A programme at the A1 prospect 19km from Tandrara was disappointing, however.

The TE-9 and TE-10 wells proved uncommercial with further exploration suspended while the company reviews its options.

Even so, Sound said it was confident about the potential of the Tandrara acreage

'After five wells it sees a number of remaining high impact plays in the region - including the TE-5 discovery and production concession, as well as additional upside in TAGI and Palaeozoic plays across multiple leads and prospects.'

Price: 8.9p

Market Cap: £96.09M

1 Year Share Price Graph



Share Information

Code: SOU

Listing: AIM

52 week High Low
45.00p 7.40p

Sector: Energy

Website: www.soundenergyplc.com

Company Synopsis:

We are a well-funded Mediterranean exploration and production company, listed on AIM, with an institutional cornerstone investor and strong liquidity. We have built a high quality, action orientated, team across Milan, Rabat and just outside of London focused on permitting, funding and then delivering a Mediterranean and gas focused drill programme which is balanced in terms of risk and reward.

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Up to 20 trillion cubic feet of gas might still be present across these exploration opportunities.

Even so, Sound said a sale of the East Morocco acreage would be a preferred option ahead of the final investment decision for the TE-5 production area.

Sidi Moktar

If it finds a buyer for East Morocco, that will leave it with a 75% stake in the high potential Sidi Moktar exploration area on the west coast of the country.

It spans about 4.5 square kilometres, is close to existing infrastructure and best-case estimates suggest 9trn cubic feet of undiscovered gas.

At Sidi Moktar, Sound has said it wants a new partner to fund further exploration.

Financial

As of 14 May 2019, the company had a cash balance of over £11m, while losses for 2018 were £11.75m, a slight reduction on the previous year.

What the boss says: James Parsons, chief executive
"Whilst clearly disappointed with the outcome of the recent well test at TE-10, the team and I are encouraged to have delivered gas to surface from another TAGI discovery and remain confident in the potential of our Eastern Morocco basin."

Inflexion points

- A buyer for East Morocco
- Final GSA for TE-5
- Partner and exploration plans for Sidi Moktar

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