

Eland Oil & Gas PLC

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Eland Oil & Gas reports record first half revenue and reveals Gbetiokun-4 well ahead of expectations

Eland Oil & Gas PLC (LON:ELA) has, alongside its interim results, revealed the initial results of the Gbetiokun-4 development well.

Following the completion of drilling and an early analysis, the company told investors that Gbetiokun-4 has exceeded pre-drill expectations.

A total of 345 net feet of oil-bearing sands were encountered across multiple reservoirs and a section spanning 60 feet in the E5000 reservoir achieved 100% oil recovery.

The well will now be completed as a producer, from the E5000 and E7000 reservoirs (which has 48 feet of pay). Completion is anticipated at the end of this month with production following shortly thereafter, and Eland expects the well will increase output from Gbetiokun to 16,000 to 17,000 barrels of oil per day, from 11,000 to 12,000 bopd.

Following approval of the field development plan and start-up of the early production facility (EPF) in July, chief executive George Maxwell was pleased to have successfully drilled and logged the Gbetiokun-4 well.

"Log firmly indicates the pay zone came in well above expectations and therefore should significantly increase throughput on the Gbetiokun EPF.

"We look forward to updating all shareholders as we bring the well on stream in October."

The new Gbetiokun-5 well is planned to follow on from the Gbetiokun-4 operations.

First half results

In terms of financial results, Eland reported a new record half-year for revenue as it generated US\$106m, up from US\$67.4m in the comparative period of 2018. The average realised oil price was marked at US\$66 per barrel.

Net production averaged 9,948 bopd in the six month period, with growth continuing from the Opuama and Gbetiokun since its start-up this summer.

Eland generated some US\$59.1m of operating cash flow, up from US\$50.6m, and operating profits were sustained at US\$40m.

The company invested US\$79m of capital during the period as it continued to scale up its production operation in Nigeria - including the development of key infrastructure such as a new 36 kilometre export pipeline.

It ended the first half with US\$31.92m of cash and equivalents, US\$30.9m of net debt and some US\$60m of headroom under its reserves base lending facility (which has a borrowing base of US\$135m following a redetermination of reserves).

Price: 165.8

Market Cap: £357.57 m

1 Year Share Price Graph



Share Information

Code: ELA

Listing: AIM

52 week High Low
167.624 98

Sector: Oil & Gas

Website: www.elandoilandgas.com

Company Synopsis:

Eland Oil & Gas is an independent oil and gas company focused on production, development and exploration in West Africa, particularly the highly prolific Niger Delta region of Nigeria.

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Plans to pay a maiden dividend of 1p per share represent a US\$2.6m return to shareholders, and the board has increased an existing share buy-back programme by £3m to a maximum of £6m - since the programme began in late 2018 the company has so far purchased £5.3m worth of shares (4.36m shares).

Recapping on the first half and looking ahead, Maxwell highlighted: "The diversification of production from our second oil field, Gbetiokun, represents a significant moment for the company as we generate material production and operational cash-flow.

"In the second half, we are excited to drill the high-impact, 78 million barrel, near-field Amobe prospect.

"The Amobe prospect represents the first pure exploration well in the company's history and the first on OML40 since 1991. We look forward to updating all stakeholders on these developments in the remainder of the year."

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