

Jersey Oil and Gas PLC

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Malcy's Blog: Oil price, JOG, Genel, BPC - And finally...

WTI \$52.81 +36c, Brent \$58.37 +66c, Diff -\$5.56 +30c, NG \$2.35 +3c

Oil price

Whilst the Trade dispute between the USA and China continue and economic conditions around the world remain uncertain oil prices will stay under pressure, last week WTI fell just over \$3 and Brent by \$2.67. Interestingly the money managers are being more cautious and they are not prepared to short crude, maybe just while the Middle East remains on a war footing. Finally, the Baker Hughes rig count saw a fall of 5 rigs overall and 3 in oil last week.

Jersey Oil & Gas (LON:JOG)

JOG has announced development contractor appointments, Rockflow Resources and Petrofac have been awarded contracts for the subsurface evaluation support and facilities well support respectively for the concept selection phase of the GBA development project. JOG has a close relationship with both companies who have supported the company in its in its successful licence application in the 31st Round and this also shows that JOG are already making progress with this exciting opportunity.

With JOG holding its Capital Markets Day tomorrow I am expecting to hear much more technical detail about the GBA and how they plan to progress through the critical concept selection phases of the project.

Genel Energy (LON:GENL)

Genel has announced that Paul Weir, currently Group Head of Operations and safety at Tullow Oil, is to join the company as COO responsible for performance of operated and non-operated producing assets starting in January 2020.

Those of us fortunate to be with Genel in Kurdistan last week will be aware of quite how much the company is gearing up growth from its existing portfolio, with significant high margin production from both Tawke and Taq Taq as well as significant potential from Sarta within twelve months and also both gas and oil from Bina Bawi in coming years.

There will be much more to come on the visit but I have to say that even though this was not my first trip to the region it is clear that Genel have huge potential in an area that is clearly safe and has an excellent environment to reward reinvestment of significant cash flows.

Bahamas Petroleum (LON:BPC)

Sitting in Erbil airport last week reading the BPC RNS about having done a roadshow but then not going on to raise any institutional money made me think whether or not the company was entering the last chance saloon. After all, I was sure that the hard work done on the potential raise of the \$12.5m convertible note may have been jeopardised as well

Price: 161

Market Cap: £35.15 m

1 Year Share Price Graph



December 2018 June 2019 December 20

Share Information

Code: JOG

Listing: LSE

52 week	High	Low
	328	56

Sector: Oil & Gas

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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as the agreements with the three leading service companies who had given pretty favourable deals for a well to be drilled next spring.

This morning I spoke to BPC where I have detected a very much 'can-do' approach recently and what can only be described as a bloody-minded attitude to getting this project drilled once and for all. So, leaving aside the London market's approach to equity funding, it has been made perfectly clear that the company do not need money right now, especially at the wrong price (a raise at a low equity price also prices the convertible way too low) but they do need visibility for the service companies to remain supportive for the spring.

Whilst farm-out talks continue, and the company remain belligerently optimistic about their success even to the level of suggesting something may be on the horizon, they remain plan A although given recent delivery doesn't inspire much hope for a partner and plan B is still being worked on. It must be remembered that nowadays with its low G&A the company can survive until March or April 2020 when the drilling is planned and the company's future will be decided one way or another.

In the absence of a farm-out, or even if one is still being finalised, one has to rely on the company to find a finance structure that fits the bill somewhere between debt and equity solutions, hopefully one unlike those seen in the market in recent years whereby lenders have the shareholders by the short and curlies. The company has been imaginative enough recently with the convertible and is confident that 'all manor of financial structures are out there' in order to demonstrate a clear line of financial sight out until drilling is imminent in the spring.

At 2p I can understand why the equity option didn't inspire the company, after all the reward of getting to actually drilling a well only months away has to be worth taking except maybe for a death spiral which the company definitely don't need right now. As for the last chance saloon, well that is still some way off, hopefully one way or another shareholders get to see the well being drilled, then it really will be in the lap of the gods...

And finally...

All power to Liverpool as they continue their winning run and go into another international break with a commanding lead of 8 points. That was after the Noisy Neighbours lost 0-2 against Wolves, the Gooners won keeping them 3rd and Chelski won easy enough. Spurs bad run continued at the Seagulls and the Red Devils remain an embarrassment losing at the Magpies.

Enable wasn't an embarrassment but just not good enough in the Arc and maybe we will see her at Ascot or at the Breeders Cup one last time...

England had the rugby won as soon as the Argie got sent off but it wasn't a game for the purists against the Pumas but will get to play France on Saturday for the right to play Wales or the Wallabies in the next round. More interesting is going to be Pool A where Japan, Ireland and Scotland are playing for two spaces, realistically one of the two home nations will fall...

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