

United Oil & Gas PLC

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United Oil & Gas highlights strong production whilst detailing proactive actions in response to coronavirus impacts

United Oil & Gas PLC (LON:UOG) shares rose on Thursday as the firm highlighted strong production growth in Egypt whilst detailing its response to "considerable challenges" across the industry amidst the coronavirus (COVID-19) pandemic and weak crude prices.

In a statement, the group said production in Egypt measured around 8,400 barrels oil equivalent per day (boepd) gross, or 1,850 boepd net, reflecting a doubling of output since this time last year.

READ: Stockbroker target sees "material upside" for United Oil & Gas

Significantly, the volumes are materially higher than they were when United agreed to acquire the Abu Sennan assets from Rockhopper Exploration PLC (LON:RKH).

United noted that Abu Sennan is positioned as a low-cost operation, at around US\$6.5 per barrel, adding it also provides "solid" margins even with the currently low prices. The group also highlighted that a pre-payment facility with BP provides 'downside price protection', effectively hedges some 6,6000 barrels per month at US\$60 per barrel, over a six-month period.

"I am delighted that production in Egypt continues to rise, helping to compensate for the lower oil prices," said Brian Larkin, United's chief executive.

"Since the effective date of the acquisition, gross production at Abu Sennan has now more than doubled to c. 8,400boepd which, thanks to low operating costs, remains profitable at today's oil prices. The completion of the gas pipeline at Al Jahraa was achieved at low cost and based on current projections, will pay for itself within months," he added.

Responding to markets and coronavirus

United said it has taken proactive measures to reduce near-term capital expenditure (capex) as a result of the current crisis.

It said deferrals in Italy have moved 'first gas' into the first half of 2021, but, improves cash flow in the nearer term.

Similarly, United noted the deferral of two of four previously planned wells in Egypt which will significantly reduce expected capex for 2020.

Further optimisation of capex and opex continues to be reviewed, the company added.

It is also seeking to divest non-core assets in the UK's Wessex basin, and has decided against exercising its farm-in option in Benin.

Price: 2.7599

Market Cap: £17.09 m

1 Year Share Price Graph



Share Information

Code: UOG

Listing: AIM

52 week High Low
4.4 1

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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The company told investors that the decisions it is taking are expected to minimise the impact of oil-price uncertainty and COVID-19, and help safeguard the company during this challenging time.

"United's leadership team have reviewed our business in-depth and have mapped out what we believe is a sensible course through the months ahead," Larkin added.

"We are focussing on investment which we believe will deliver the most immediate return for our business. Where expenditure can be deferred with limited impact, we are doing so. Where expenditure or indeed where licences offer a more uncertain or marginal return, we are being prudent and stepping away."

In early trading, shares in United were 11.5% higher at 1.45p.

-- Adds share price --

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