

Stock Data

Share Price: 0.23p
Market Cap.: £24.8m
Shares in issue: 10,784m

Company Profile

Sector: Oil & Gas
Ticker: UJO.L
Exchange: AIM

Activities

Oil and gas drilling, development and investment company focused on the UK onshore sector in the East Midlands and Southern England.

Share price performance



Source: LSE

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TPI acts as joint broker to Union Jack Oil plc

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Union Jack Oil plc

Preliminary data from the Rathlin Energy operated West Newton appraisal well suggests that the discovery is at least as big as the pre-drill estimate of 189 BCF of gas. This implies that West Newton, located on licence PEDL 183 (Union Jack: 16.665%), could be the largest onshore UK gas field discovered since 1973, assuming that subsequent testing confirms the scale of the resource.

The West Newton A-2 appraisal well was spudded on 26 April 2019 and reached a total depth of 2,061 metres on 9 June 2019. A 28 metre core was extracted successfully from the primary Kirkham Abbey formation and logging operations were successfully completed.

The well encountered a 65 metre hydrocarbon saturated interval from the Kirkham Abbey formation indicating a substantial hydrocarbon accumulation, including a significant liquids component. Drilling operations have now concluded and production casing has been set in preparation for testing the formation. A subsequent extended well test, expected to commence in Q3 2019, will determine flow rates and set the basis for a forward work programme.

The pre-drill estimate for the West Newton discovery was Best Estimate Contingent Resources of 189 BCF of gas according to a Competent Persons Report compiled by Deloitte. Union Jack notes that initial data obtained from the West Newton A-2 well correlates positively with the petrophysical results from the initial West Newton A-1 well and volume expectations will be updated after further core and log analysis.

The West Newton well was drilled by Rathlin Energy (UK) Limited; a wholly owned subsidiary of Calgary based Connaught Oil & Gas Limited. Rathlin is operator of PEDL 183, which contains the West Newton discovery, with a working interest of 66.67%. Union Jack holds a 16.665% interest in licence PEDL 183.

The well also encountered hydrocarbon shows from a secondary deeper target, the Cadeby formation with an oil saturated core. This is very encouraging and this formation is planned to be intersected from the West Newton B location where optimal reservoir development is expected and planning permission is already in place. The Cadeby formation was ascribed gross prospective resources of 79.1 mmbbls and a 24% chance of success prior to the drilling of West Newton A-2 well.

Union Jack has noted that West Newton is located in an area of abundant production infrastructure near the city of Hull. Consequently, we believe that material volumes of gas could be developed quickly for delivery into local markets at comparatively low cost.

This is very good news for Union Jack. The results of the West Newton A-2 appraisal well have exceeded pre-drill expectations and the demonstration of significant liquid hydrocarbon upside suggests that West Newton is a major accumulation located in an area with well-developed gas infrastructure. The upcoming well tested, scheduled for Q3 2019, will demonstrate more fully the commercial potential of West Newton and the likely value of future production and cash flow to the company.

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