

Stock Data

Share Price: 2.92p
Market Cap.: £23.1m
Shares in issue: 789.6m

Company Profile

Sector: Oil & Gas
Ticker: CORO
Exchanges: AIM

Activities

Coro has outlined an ambitious South East Asian growth strategy focused on the appraisal and development of oil and gas assets in Indonesia coupled with a longer term strategy to identify exciting exploration upside in Malaysia.

Share price performance



Source: LSE

Past performance is not an indication of future performance.

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Coro Energy plc

Coro's participation in a fully funded two well drilling programme on the Duyung PSC located offshore Indonesia (Coro: 15% non-operated interest) has commenced with the spudding of the Tambak-2 appraisal well. The well, which is expected to take approximately 33 days to drill, will appraise the southern region of the Mako field and has the potential to move up to 100 BCF of gross contingent resources from the 3C to the 2C category increasing further the commercial potential of the Mako field. We believe that this would also enhance the appeal of the field as a source of gas for the Singaporean market.

The drilling rig Asian Endeavour 1 was mobilised from Singapore on 24 September and was on location by 30 September 2019. Preparations for the planned two well drilling programme were completed thereafter and Tambak-2 has been spudded.

Tambak-2 is a very large 13 km step-out from the existing Mako South-1 well and will target the southern region of the Mako gas field. Tambak-2 is being drilled vertically and is expected to intersect the intra-Muda reservoir up-dip from Mako South-1 at approximately 380 metres below sea level. The well will be completed to total depth of c.595 metres and Coro expects that the operator will conduct a full reservoir evaluation programme, including an extensive suite of logs, coring and open hole testing in order to derive as much information as possible about the Mako reservoir.

Independent consultant, Gaffney Cline & Associates has ascribed gross 2C resources of 276 BCF of recoverable dry gas to the Mako field with gross 3C resources upside amounting to 392 BCF. Coro is confident that a successful result from Tambak-2 has the potential to move c.100 BCF of gross contingent resources from the 3C to the 2C category. This would represent very attractive upside to the Mako field which Coro already considers an already attractive commercial development opportunity.

Coro estimates that Tambak-2 will take approximately 33 days to drill, core, log and test after which the rig is planned to move to the Tambak-1 well location. Tambak-1 has two objectives, the primary one being to appraise the central region of the Mako gas field and evaluate the shallow intra-Muda sandstone reservoir at a depth of c.385 metres.

The well will then be deepened to test the Lower Gabus Tambak prospect at approximately 1,370 metres. The operator has ascribed a 45% chance of technical success (CoS) to this portion of the well and estimates mid-case prospective resources of c.250 BCF of gas within the structure. Consequently, we note that a successful result could nearly double the existing 2C contingent resource base of the Mako field.

The current drilling programme, which exposes Coro to gross gas resources upside of more than 625 BCF has the potential to establish the Mako field as the primary pillar of the company's South East Asian gas business, Coro is fully funded for its US\$10.5m contribution to the appraisal drilling programme and in the event of success from both wells, we believe that our unrisks pre-drill NPV-based valuation of US\$32.6m net to Coro's 15% interest could be conservative.

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