

#### Stock Data

Share Price: 1.15p  
Market Cap.: £3.3m  
Shares in issue: 287.1m

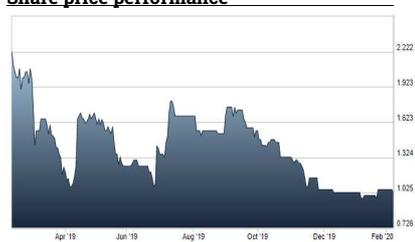
#### Company Profile

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

#### Activities

Rose is a junior oil and gas E&P company with a core focus on oil and gas interests in the Rocky Mountain region of the US.

#### Share price performance



Source: [London Stock Exchange website](#)

**Past performance is not an indication of future performance.**

#### Turner Pope contact details

Turner Pope Investments (TPI) Ltd  
8 Frederick's Place  
London  
EC2R 8AB

Tel: 0203 657 0050  
Email: [info@turnerpope.com](mailto:info@turnerpope.com)  
Web: [www.turnerpope.com](http://www.turnerpope.com)

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**Barney Gray** Research analyst  
Tel: 0203 657 0050  
[barney@turnerpope.com](mailto:barney@turnerpope.com)

## Rose Petroleum plc

Since Rose entered into a Letter of Intent (LOI) to acquire an initial 10% of Captiva Energy Holdings' (Captiva) 89.5% working interest in the McCoy lease in the Denver-Julesburg Basin in Colorado on 4 November 2019, several key milestones have now been reached. These include a lease amendment with the lessor of McCoy which allows for the drilling of two-mile lateral wells across the lease. In addition, Captiva will support lease operator Great Western Operating Company's pending application for a wider 1,280 acre Drilling Space Unit (DSU or the 'Margil' DSU) which includes the McCoy lease.

Captiva has signed a lease amendment with Weld County Land Investors Inc. (WCLI), the lessor of the McCoy lease, which will allow for the pooling of the underlying Niobrara and Codell reservoirs in relation to a potential two-mile horizontal well development across the lease. Related to this, Captiva will support Great Western's 1,280 acre DSU permit application for a two-mile horizontal well development which will include the 317-acre McCoy lease.

Great Western has submitted permit applications for 26 two-mile horizontal wells to be drilled from the Margil pad, located in Section 34 of the proposed DSU, which if drilled would extend through the McCoy lease. Rose expects that the drilling of the first 12 wells of this planned programme will take place in H2 2020 subject to the approval of the DSU application.

Under this proposed plan, Captiva and Great Western will each hold a working interest in the proposed DSU in proportion to their net acreage position. The McCoy lease will represent approximately 22.2% of the working interest in the DSU and Rose's initial acquisition of 10% of Captiva's interest will result in Rose holding a c.2.2% interest in the DSU. This could rise to 20% should Rose exercise its option to acquire up to a further 80% of Captiva's interest in the DSU.

We note that Captiva has agreed to extend this option to expire on 30 April 2020. Under the terms of the LOI, the option was originally valid until 28 February 2020 and extendable at Captiva's sole discretion. The extension remains subject to Rose demonstrating sufficient means to fund its share of development capex for any additional working interest acquired. However, Rose is undertaking discussions with third parties, including potential JV partners in this regard. These moves are supported by Rose's work with Captiva to complete a CPR to confirm independently the potential of the project.

With regard to the Paradox Basin project in Utah in which Rose holds a 75% working interest and operatorship, the company has been granted regulatory approval by the US Bureau of Land Management for two year lease extensions on c.11,300 acres within the core of its project area. Rose's contiguous land position within the Paradox is approximately 19,900 acres with extended lease terms as outlined in our research report dated 6 November 2019.

**Rose is making solid progress expediting its new strategic focus on nearer term, lower risk plays in the Rocky Mountain region of the US that the McCoy lease represents. With the next substantive events expected to be represented by the completion of the acquisition and the securing of the requisite funding for Rose's participation, we anticipate further news flow over the coming months.**

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