

Stock Data

Share Price:	0.07p
Market Cap.:	£3.1m
Shares in issue:	4,426m

Company Profile

Sector:	Oil, Gas and Coal
Ticker:	BOIL
Exchange:	AIM

Activities

Baron Oil plc ('Baron', 'BOIL', 'the Company') is an independent junior oil and gas exploration and production ('E&P') company. Incorporated in the UK in April 2004, the Company's activities are concentrated around low to medium risk exploration prospects in areas that can be quickly and relatively cheaply developed and monetised. Its present focus is on three different exploration and appraisal projects in Timor Leste, Peru and the Inner Moray Firth region of the UKCS.

1-year share price performance



Source: [LSE](#)

Past performance is not an indication of future performance.

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Baron Oil plc

Baron has released an update on the [TL-SO-19-16 Production Sharing Contract](#) (the 'Chuditch PSC') which is located in the Democratic Republic of Timor-Leste. Holding an indirect interest of 25% through its 33.33% shareholding in [SundaGas \(Timor-Leste Sahul\) Pte. Limited](#) ('SundaGas TLS'), today's announcement notifies investors of a proposal that has been presented to the region's National Authority of Petroleum and Minerals ('ANPM'), in an effort to initiate new discussions to resolve the key data issues that have hampered progress on the project to date, along with a request for a 12-month extension and a doubling of its aggregate Gross Prospective Resources gas estimates to over 3.5 TCF. If accepted the Chuditch PSC has potential to be transformative for Baron, exemplifying its strategy of targeting material interests in high impact assets with opportunity to attract institutional participation. Positively also, the extensive technical work undertaken for this exercise has resulted in the identification of a significant new lead, Chuditch North East, which is close to the existing discovery and, along with a material upgrade to the recovery expectation, results in an aggregate Mean Recoverable Prospective Resource net to Baron of c.882 BCF.

Negotiations with ANPM

Since being awarded the Chuditch PSC in December 2019, unexpected issues around data access, including to the critical Kyranis 3D seismic volume recorded in 2012 that covers part of the development area, have resulted in frustrating delays. Throughout this time, however, SundaGas TLS has worked constructively with ANPM in order to assemble a proposal which, if accepted, will permit it to input directly into the re-processing project as well as satisfy the Timor-Leste training requirements.

As a result of the time lost, exacerbated by the global Pandemic, SundaGas TLS has also requested a minimum 12-month extension to the current, initial licence phase. This additional time is considered necessary in order to complete the agreed work programme. In particular this includes vital 3D seismic reprocessing and associated analysis, to allow a timely drilling decision to be taken. From this point, the gross cost of the proposed two-year work programme is expected to be c.US\$3m.

Significant increase in gas resources estimates

The Chuditch PSC gas resources estimates now stand at:

- **Gross Mean Gas Initially in Place ('GIIP'): 4,703 BCF**
- **Gross Mean Prospective Resources: 3,527 BCF**

This compares to reports prepared by Shell Development (Australia) Pty. Ltd ('Shell'), which estimated volumes of gross Mean GIIP of 2,901 BCF following drilling of the [Chuditch-1 discovery well](#) back in 1998. These estimates were limited to just this discovery, along with immediately adjacent prospects and certain parts located within the licence area (ZOCA 91-09 PSC). SundaGas TLS has subsequently gathered and interpreted subsurface information, mainly legacy 2D seismic and well data, both regional and specific to prospects lying within the Chuditch PSC which now incorporates areas outside the former ZOCA 91-09 PSC. As a result, the extension of the prospect known by Shell as 'Bilby' (but now renamed Chuditch North), is mapped to lie within the Chuditch PSC. The gross Mean GIIP associated with this extension was estimated by Shell at 258 BCF. Further to this, a significant new lead which lay in Australian waters prior to 2018 has also been mapped. Not previously assessed by Shell or other earlier operators in the region, Chuditch North East is on trend with, and mapped to be in the same reservoir and structural setting as the Chuditch-1 discovery.

Having only relatively limited legacy 2D seismic data coverage, this prospect is estimated to contain a gross Mean GIIP of 1,544 BCF.

Shell's expectation of gas recovery in 2001, was in the range of 55% to 75%. Evaluation studies by SundaGas TLS, incorporating some 20 years of technical advances in reservoir management and input from other more recent field analogues, indicate that the best-case expectation of gas recovery is now 75% which, when applied to the revised GIIP, implies a gross Mean Recoverable Prospective Resources of 3,527 BCF (equivalent to more than 580 MMBOE).

Assuming the reset button can be successfully 'pushed', the priority for Baron will be to ensure that the Chuditch opportunity can be rapidly derisked via seismic reprocessing, with a view to attracting interest from a suitable farm-in partner(s) in 2022. In this regard, the Company could potentially find itself in an enviable position, given that the potential resources are significant enough to attract reasonably large sector players and the asset itself presents as a low-risk cluster of prospects with modest drilling costs. It is also worth noting that economic activity and gas prices in south east Asia have already comfortably passed their pre-COVID levels.

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