

SDX Energy PLC Announces Operational Update and New Corporate Presentation

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- *Egypt and Morocco operational update and new corporate presentation*
- *Post-drilling extension of plateau production at South Disouq and de-risked prospectivity in both Egypt and Morocco*

LONDON, June 23, 2020 - [SDX Energy Plc](#) (AIM:SDX), the MENA-focused oil and gas company, is pleased to provide an update on its operations in Egypt and Morocco following the recent drilling successes, details of which are included in some detail in a new corporate presentation which is now available on its website (www.sdxenergy.com).

Egypt

· As a result of the Sobhi discovery in South Disouq (SDX Working Interest: 55% and operator), which SDX drilled at 100% Working Interest, gross plateau production of c.50 MMscfe/d is now expected to be maintained for a further 18-24 months until mid-2023 with the potential for a further extension to mid-2026 depending on the results of planned future exploration drilling.

· Management estimates that Sobhi¹ will generate approximately US\$25.0 million of undiscounted post-tax cash flow after capex to SDX, equivalent to US\$1.04/Mcf.

· After integrating the results of the successful Sobhi well with the remapped 3D seismic over the South Disouq concession, management estimates that incremental prospective resources of c.100 bcf have been identified and de-risked across five prospects. Approximately 25% of this incremental prospectivity has been identified in a new Buried Hill play concept which is productive in a neighbouring field 10 km to the east. Management estimates that these follow on prospects are expected to have similar costs and post-tax cash flow profiles to Sobhi.

· 8 to 10 wells are planned in the West Gharib (SDX Working Interest: 50%) concession between 2021 and 2023 for a gross cost of approximately US\$8.0-10.0 million (SDX: US\$4.0-5.0 million) with the potential to increase gross production from c.3,200 - 3,300 bbl/d to c.4,000 bbl/d by 2022.

· After taking account of drilling and other infrastructure tie-in capex, this incremental production at West Gharib is expected to generate approximately US\$5.0-6.0 million in low-risk, undiscounted post-tax cash flow net to SDX.

Note 1 - Sobhi is expected to commence production in Q1 2021 after completion of the standard Environmental Impact Assessment process, agreement of landowners' compensation, obtaining the necessary Military, Agricultural and Irrigation permits and completion of the pipeline tie-in.

Morocco

· Post-drill analysis of the LMS-2 well at Lalla Mimouna (SDX Working Interest: 75% and operator) has identified similarities with the LAM-1 discovery made by the previous operator of the concession which flowed gas and condensate in 2015.

o Subject to successful testing, management estimates that LMS-2 could contain c.1.5 bcf and has the potential to de-risk a further 6.0 bcf in separate compartments within the same feature.

o Management also estimates that a further 3.4 bcf of close by prospective resources will be de-risked if LMS-2 tests successfully, increasing the overall prospective resource potential to 10.9 bcf.

o LMS-2 will be tested after the COVID-19 restrictions in Morocco enable perforation and testing crews to re-enter the country. The Company hopes that this will be late Q3/early Q4 2020.

· In addition to the 10.9bcf of prospective resources that could be de-risked by LMS-2, management has identified a further 25.5 bcf of prospective resources in multiple prospects across the concession.

Mark Reid, CEO of SDX, commented:

"After analysing the results of the recent drilling successes in Egypt and Morocco, we are very excited about the future prospectivity identified from the Sobhi well in Egypt and from LMS-2 in Morocco.

With Sobhi, we expect to extend our gross 50 MMscfe/d plateau production by 18-24 months to 2023 and, with some follow on drilling success, this could be extended further into 2026. Sobhi has also helped us identify approximately 100 bcf of follow on, de-risked, incremental prospectivity in the South Disouq concession.

In Morocco, a successful test in LMS-2 could create 1.5 bcf of 2P reserves and simultaneously de-risk 6.0 bcf of prospectivity in the same structure and a further 3.4 bcf nearby, enabling us then to investigate low cost, early monetisation options. In addition, a successful LMS-2 test will help us better understand an additional 25.5 bcf of prospectivity in multiple prospects identified across the broader Lalla Mimouna concession.

Finally, we are also looking forward to commencing our drilling campaign in West Gharib next year where we will be aiming to increase production in the Meseda and Rabul fields to approximately gross 4,000 bbls/d by 2022."

About SDX

SDX is an international oil and gas exploration, production and development company, headquartered in London, United Kingdom, with a principal focus on MENA. In Egypt, SDX has a working interest in four producing assets: a 55% operated interest in the South Disouq gas field in the Nile Delta, a 50% non-operated interest in each of the North West Gemsa and West Gharib concessions, which are located onshore in the Eastern Desert, adjacent to the Gulf of Suez, and a 12.75% non-operated interest in the South Ramadan concession offshore Gulf of Suez. In Morocco, SDX has a 75% working interest in five development/production concessions, all situated in the Gharb Basin. The producing assets in Morocco are characterised by attractive gas prices and exceptionally low operating costs. SDX has a strong weighting of fixed price gas assets in its portfolio with low operating costs and attractive margins throughout, providing resilience in a low commodity price environment. SDX's portfolio also includes high impact exploration opportunities in both Egypt and Morocco.

For further information, please see the Company's website at www.sdxenergy.com or the Company's filed documents at www.sedar.com.

Competent Persons Statement

In accordance with the guidelines of the AIM Market of the London Stock Exchange, the technical information contained in the announcement has been reviewed and approved by Rob Cook, VP Subsurface of SDX. Dr. Cook has over 25 years of oil and gas industry experience and is the qualified person as defined in the London Stock Exchange's Guidance Note for Mining and Oil and Gas companies. Dr. Cook holds a BSc in Geochemistry and a PhD in Sedimentology from the University of Reading, UK. He is a Chartered Geologist with the Geological Society of London (Geol Soc) and a Certified Professional Geologist (CPG-11983) with the American Institute of Professional Geologists (AIPG).

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Glossary

"bcf" billion cubic feet

"bbl/d" barrels per day

"Mcf"	thousand cubic feet
"MMscfe"	million standard cubic feet equivalent
"MMscfe/d"	million standard cubic feet equivalent per day

Forward-Looking Information

Certain statements contained in this press release may constitute "forward-looking information" as such term is used in applicable Canadian securities laws. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or are not statements of historical fact should be viewed as forward-looking information. In particular, statements regarding the Company's ability to increase its plateau production at South Disouq in Egypt, the results of the upcoming well test at LMS-2 in Morocco, management estimates of future net revenue and the potential success of future drilling campaigns should be regarded as forward-looking information.

The forward-looking information contained in this document is based on certain assumptions, and although management considers these assumptions to be reasonable based on information currently available to them, undue reliance should not be placed on the forward-looking information because SDX can give no assurances that they may prove to be correct. This includes, but is not limited to, assumptions related to, among other things, commodity prices and interest and foreign exchange rates; planned synergies, capital efficiencies and cost-savings; applicable tax laws; future production rates; receipt of necessary permits; the sufficiency of budgeted capital expenditures in carrying out planned activities, and the availability and cost of labour and services.

All timing given in this announcement, unless stated otherwise, is indicative, and while the Company endeavours to provide accurate timing to the market, it cautions that, due to the nature of its operations and reliance on third parties, this is subject to change, often at little or no notice. If there is a delay or change to any of the timings indicated in this announcement, the Company shall update the market without delay.

Forward-looking information is subject to certain risks and uncertainties (both general and specific) that could cause actual events or outcomes to differ materially from those anticipated or implied by such forward-looking statements. Such risks and other factors include, but are not limited to, political, social, and other risks inherent in daily operations for the Company, risks associated with the industries in which the Company operates, such as: operational risks; delays or changes in plans with respect to growth projects or capital expenditures; costs and expenses; health, safety and environmental risks; commodity price, interest rate and exchange rate fluctuations; environmental risks; competition; permitting risks; the ability to access sufficient capital from internal and external sources; and changes in legislation, including but not limited to tax laws and environmental regulations. Readers are cautioned that the foregoing list of risk factors is not exhaustive and are advised to refer to SDX's Financial Review for the year ended 31 December 2019, which can be found on SDX's SEDAR profile at www.sedar.com, for a description of additional risks and uncertainties associated with SDX's business, including its exploration activities.

The forward-looking information contained in this press release is as of the date hereof and SDX does not undertake any obligation to update publicly or to revise any of the included forward-looking information, except as required by applicable law. The forward-looking information contained herein is expressly qualified by this cautionary statement.

Oil and Gas Advisory

Certain disclosures in this news release constitute "anticipated results" for the purposes of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities ("NI 51-101") of the Canadian Securities Administrators because the disclosure in question may, in the opinion of a reasonable person, indicate the potential value or quantities of resources in respect of the Company's resources or a portion of its resources. Without limitation, the anticipated results disclosed in this news release include estimates of volume, flow rate and production rates attributable to the resources of the Company. Such estimates have been prepared by Company management and have not been prepared or reviewed by an independent qualified reserves evaluator or auditor. Anticipated results are subject to certain risks and uncertainties, including those described above and various geological, technical, operational, engineering, commercial, and

technical risks. In addition, the geotechnical analysis and engineering to be conducted in respect of such resources is not complete. Such risks and uncertainties may cause the anticipated results disclosed herein to be inaccurate. Actual results may vary, perhaps materially.

Use of the term "boe" or the term "MMscf" may be misleading, particularly if used in isolation. A "boe" conversion ratio of 6 Mcf: 1 bbl and a "Mcf" conversion ratio of 1 bbl: 6 Mcf are based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Prospective Resources Data

The prospective resources estimates disclosed or referenced herein have been prepared by Dr. Rob Cook, a qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with NI 51-101. The prospective resources disclosed herein have an effective date of 1 June 2020. Prospective resources are those quantities of gas, estimated as of the given date, to be potentially recoverable from undiscovered accumulations through future development projects. As prospective resources, there is no certainty that any portion of the resources will be discovered. The chance that an exploration project will result in a discovery is referred to as the "chance of discovery" as defined by the management of the Company.

There is no certainty that it will be commercially viable to produce any portion of the resources discussed herein; though any discovery that is commercially viable would be tied back to the Company's pipeline in Morocco and then connected to customers' facilities within 9 to 12 months of discovery. Based upon the economic analysis undertaken on any discovery, management has attributed an associated chance of development of 100%.

There are uncertainties associated with the volume estimates of the prospective resources disclosed herein, due to the level of information available on prospective resources, but ranges are defined based on data from the Company's nearby existing analogous wells. Some of the risks and uncertainties are outlined below:

- petrophysical parameters of the sand/reservoir;
- fluid composition, especially heavy end hydrocarbons;
- accurate estimation of reservoir conditions (pressure and temperature);
- reservoir drive mechanism;
- potential well deliverability; and
- the thickness and lateral extent of the reservoir section, currently based on 3D seismic data.

Future Net Revenue Estimates

The future net revenue estimates disclosed or referenced herein have been prepared by Dr. Rob Cook, a qualified reserves evaluator, in accordance with the Canadian Oil and Gas Evaluation Handbook and in accordance with NI 51-101 and the requirements specified in Form 51-101F1. All evaluations of the present value of estimated future net revenue are stated after provision for estimated future capital expenditures but prior to indirect costs and do not necessarily represent the fair market value of the reserves. There is no assurance that the forecast prices and costs assumptions will be attained and variances could be material. There are numerous uncertainties inherent in estimating quantities of reserves and the future cash flows attributed to such reserves. Estimates of reserves and future net revenue for individual properties may not reflect the same level of confidence as estimates of reserves and future net revenue for all properties, due to the effect of aggregation. The effective date of the future net revenue estimates disclosed or referenced herein is 1 June 2020.

This announcement does not contain inside information.

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