

# Mart Participates in Consortium to Acquire Onshore Nigerian Oil Mining Lease 18

21.10.2014 | [Marketwired](#)

CALGARY, ALBERTA--(Marketwired - Oct 21, 2014) - [Mart Resources Inc.](#) (TSX:MMT) ("**Mart**" or the "**Company**") is pleased to announce that it is a member of a consortium (the "**Consortium**") that has entered into an assignment agreement (the "**Assignment Agreement**") with The Shell Petroleum Development Company of Nigeria Limited ("**SPDC**"), Total E&P Nigeria Limited and Nigerian AGIP Oil Company Limited (collectively, the "**Sellers**") pursuant to which a special purpose company ("**Consortium SPV**") owned directly or indirectly by the Consortium members will acquire a 45% participating interest in Nigerian Oil Mining Lease 18 ("**OML 18**") and all associated assets, wells, pipelines and infrastructure. The remaining 55% participating interest of OML 18 will be retained by the Nigerian National Petroleum Corporation ("**NNPC**"). The acquisition is subject to numerous terms and conditions including receipt of Nigerian Government approval.

The acquisition cost of the Consortium's participating interest in OML 18 will be satisfied by way of (1) senior secured, non-recourse reserves-based financing secured against the Consortium's participating interest in OML 18 and all petroleum sales revenues accruing from OML 18; and (2) an equity contribution by the Consortium members proportionate to their direct or indirect working interest in OML 18. Mart will hold an indirect working interest in OML 18 of approximately 10% through its indirect ownership position in Consortium SPV. In consideration for its indirect working interest in OML 18, Mart has advanced US\$134 million, representing its proportionate share of (1) the initial bid deposit paid by the Consortium to the Sellers; (2) the remaining closing cash consideration; and (3) transaction costs and initial working capital for Consortium SPV. The closing cash consideration is refundable should the transaction not be completed.

As previously reported, to fund its share of the closing cash consideration, Mart has arranged to increase its existing secured term loan credit facility with Guaranty Trust Bank PLC ("**GT Bank**") from US\$175 million to US\$232.5 million. The increased secured loan credit facility has a term of five years and bears interest at 90 days LIBOR plus 4% (floor of 8.25%), which interest rate is unchanged from the terms of the Company's existing facility with GT Bank.

Wade Cherwayko, Chairman and CEO of Mart, commented on Mart's acquisition of an indirect working interest in OML 18: "Mart has been looking for an opportunity for several years to diversify its portfolio of assets in Nigeria and is very happy to have the opportunity to participate in a producing oil mining lease, which has become available as a result of this transaction. OML 18 is a significant asset with considerable exploration upside and production. The other Consortium SPV members are Nigerian companies with considerable oil and gas exploration and development experience who are familiar with the region and who are expected to be able to work effectively with the local communities to further materialize the exploration and production potential of this asset."

## Strategic Rationale and Acquisition Highlights

The proposed acquisition provides Mart the opportunity to diversify its assets and operations in Nigeria beyond its current successful operations at the Umusadege field.

Upon the closing of the acquisition by Consortium SPV, Mart will become the holder of an indirect working interest in OML 18 of approximately 10% through its existing ownership of shares in a holding company ("**Holdco**") that owns 50% of the shares of Consortium SPV. The closing of the acquisition of the 45% participating interest in OML 18 by the Consortium SPV is subject to a number of terms and conditions, including receipt of applicable Nigerian government and other regulatory approvals.

## Overview of OML 18

OML 18 covers 1,035 square kilometers and is located onshore in the southern part of the Niger Delta in Rivers State. It contains nine fields, including one which straddles the licence boundary, and associated infrastructure that includes seven oil flow stations, three associated gas gathering processing plants and one non-associated gas processing plant, and associated gathering facilities. Approximately 140 wells have been drilled on OML 18. Three fields are currently on production. Production in recent years has ranged between 20,000 to 30,000 barrels of oil per day from approximately 30 producing wells. Aggregate cumulative oil production from OML 18 since 1970 is approximately 1,060 million barrels, with peak production in January 1971 at 140,000 barrels of oil per day.

OML 18 was originally granted by the Nigerian government in 1964 and was renewed on August 24, 1993, with effective date of July 1, 1989, for a term of 30 years. OML 18 will expire on July 1, 2019 if not renewed. Current petroleum legislation in Nigeria provides that the lessee of an oil mining lease shall be entitled to apply to the Minister of Petroleum Resources (not later than twelve months prior to the date of expiry) for a renewal of an oil mining lease either in respect of the whole or any part of the leased area and the renewal shall be granted if the lessee has paid all rent and royalties due and has otherwise performed all its obligations under the lease. The legislation provides that a statutory renewal fee will also be payable at the time of the application.

Crude oil production from OML 18 is exported through the Bonny Crude Oil Terminal via the Nembe Creek Trunkline. Gas production from OML 18 is delivered to various power, industrial and commercial customers via the Nigeria Gas Company's pipeline.

Additional information regarding Mart is available on the Company's website at [www.martresources.com](http://www.martresources.com) and under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### *Forward Looking Statements and Risks*

*Certain statements contained in this press release constitute "forward-looking statements" as such term is used in applicable Canadian and US 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 and should be viewed as "forward-looking statements". These statements relate to analyses and other information that are based upon forecasts of future results, estimates of amounts not yet determinable and assumptions of management. Such forward looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.*

*In particular, there is no assurance that the Consortium will satisfy all conditions, obtain all required approvals or successfully complete the acquisition of OML 18. Nothing herein is intended to indicate the existence of oil and gas reserves or resources on OML 18 or any future commercial production therefrom. There is no assurance that the Consortium will generate positive cash flow from OML 18. There is no assurance that OML 18 will be extended beyond its current expiry date of July 1, 2019 or that further exploration or production activities will be conducted on OML 18.*

*There can be no assurance that such forward-looking statements will prove to be accurate as actual results and future events could vary or differ materially from those anticipated in such statements. Accordingly, readers should no place undue reliance on forward-looking statements contained in this news release. The forward-looking statements contained herein are expressly qualified by this cautionary statement.*

*Forward-looking statements are made based on management's beliefs, estimates and opinions on the date the statements are made and the Company undertakes no obligation to update forward-looking statements and if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable law.*

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