

SDX Energy PLC Announces Update on drilling operations in Morocco and Egypt

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LONDON, March 4, 2020 - [SDX Energy Plc](#) (AIM:SDX), the MENA-focused oil and gas company, is pleased to provide an update on drilling operations in Morocco and Egypt.

Highlights

- Play-opening BMK-1 well in Morocco reached depth of 1,551 meters, encountering commercial quantities of gas in both target horizons.
- Confirms Morocco core productive area extends north, de-risking c.20 bcf of P50 prospective resources.
- Expected to significantly extend reserve life and support lower CO₂ emissions at our customers.
- Rig now moves to Lalla Mimouna concession to drill potentially play-opening LMS-2 well.
- SD-6X in Egypt not found to be commercially viable; results being analysed.
- SD-12X in Egypt expected to spud in the next two to three weeks, targeting 33 bcfe and not anticipated to have any technical read across from SD-6X.

Morocco

The BMK-1 well in Morocco has been drilled to a measured depth of 1,551 meters and has encountered commercial quantities of gas in both target horizons. The Upper Guebbas was encountered at a measured depth of 1,190 meters, while the Lower Guebbas was penetrated at a measured depth of 1,475 meters.

Following the OYF-2 discovery which was announced on 28 January 2020 and successfully tested last week, and this BMK-1 discovery, the Company can confirm that the prospectivity in its existing core production and development area extends to the north. As a result, management estimates that, based upon these well results and the existing 3D seismic over the area, the Company has opened a new play fairway and de-risked up to 20bcf of P50 close-by prospective resources for future drilling of which approximately 10 bcf is located in and around BMK-1. See below a link to a map of the area.

http://www.rns-pdf.londonstockexchange.com/rns/9145E_1-2020-3-3.pdf

Using Measurement While Drilling ('MWD') tools, management estimates that BMK-1 encountered a total of approximately 0.9 bcf of gas in the Upper and Lower Guebbas targets, in line with pre-drill estimates. However, due to down-hole issues, only the Upper target was wireline logged and will be completed. Management estimate that the Upper target has approximately 0.4 bcf of recoverable gas and that the gas in

the Lower target will be recoverable during the development of the new play fairway de-risked by the OYF-2 and BMK-1 wells.

The rig will now move to the Lalla Mimouna concession to drill the potentially play-opening LMS-2 well. With the drilling of this tenth well, the Company will have fulfilled the three objectives of the campaign which were; (i) to add reserves in and around its existing infrastructure; (ii) to determine if its existing producing area extends to the north; and (iii) to test the prospectivity within the Lalla Mimouna concession. Furthermore, given that the last two planned wells would not have been immediately tied into the Company's infrastructure or contributed cash flows in the near term, the Company has decided to preserve its capital and postpone these last two wells, at no incremental cost, for a future campaign. Given all of this, the campaign will conclude after LMS-2.

Egypt

South Disouq (SDX Working Interest 55% and operator)

The SD-6X (Salah) exploration well at South Disouq, Egypt has been drilled to a total depth of 3,167 meters. The well encountered 1.7 meters of net gas bearing sand in the Kafr El Sheikh Formation (average porosity 34%), 1.0 meter of net gas bearing sand in the Abu Madi Formation which has 143 meters of high quality net reservoir (average porosity 24%) and 258 meters of high quality net reservoir in the Qawasim Formation (average porosity 20%). The gas sands in both the Kafr El Sheikh and Abu Madi were deemed to be sub-economic and the Qawasim has low gas saturation. The thinner than expected gas columns in SD-6X encountered is attributable to the absence of a sealing mechanism in the stratigraphic traps being targeted by the well. The well results are currently being analysed.

The rig will now move to the site of the next drilling location on the South Disouq licence, the SD-12X (Sobhi) exploration well, which is to the north and structurally updip of the Ibn Yunus discovery and the SD-6X well.

The result of SD-6X is not anticipated to have any technical read across to SD-12X which is targeting a management estimate of 33 bcfe and which is expected to spud in the next two to three weeks.

Mark Reid, CEO of SDX, commented:

"The BMK-1 result in Morocco is excellent news, confirming that together with the OYF-2 discovery in January, we can now plan to develop a material and valuable new prospective area to the north of our existing infrastructure in a market where we are the only gas producer and where we receive gas prices of between \$10-12 per mmcf. An additional 20 bcf of P50 prospective resources has the potential to significantly extend reserve life and support lower CO₂ emissions at our customers.

After the SD-6X well in Egypt, we can look forward to spudding the SD-12X well in the weeks ahead, where there is no expected technical read across from SD-6X."

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 three producing assets. In the South Disouq gas field in the Nile Delta, the Company is operator and has a 55% working interest. In the Eastern Desert, adjacent to the Gulf of Suez, the Company has two non-operated oil interests; 50% in North West Gemsa and 50% in Meseda. In Morocco, SDX has a 75% working interest in the Sebou concession, situated in the Gharb Basin. These producing gas assets in Morocco are characterised by exceptionally low operating costs and fixed price gas contracts making them particularly resilient in a low oil 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, 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
"bcfe"	billion cubic feet equivalent
"mmcf"	million cubic feet

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 future drilling campaigns and results in Morocco and at South Disouq in Egypt including estimates of recoverable gas and plans to drill at LMS-2 and SD-12X, the preservation of the Company's capital, the extension of reserve life, the sufficiency of reserves to fulfill existing customer contracts and impact on customer CO₂ emissions, should all 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 Management's Discussion & Analysis for the three and nine months ended 30 September 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 including disclosures in the map titled "New Play Fairway covered by existing 3D and de-risked by OYF-2 and BMK-1" that is incorporated herein constitute "anticipated results" for the purposes of National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities 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 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.

Prospective Resources

The prospective resource estimates disclosed or referenced herein or contained in the map titled "New Play Fairway de-risked by OYF-2 and BMK-1" that is incorporated 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 National Instrument 51-101 - Standards of Disclosure for Oil and Gas Activities. The prospective resources estimates disclosed herein have an effective date of 1 January 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.

"P50" means that there is at least a 50% probability that the quantities actually recovered will equal or exceed the best estimate.

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