

Canadian Overseas Petroleum Limited

06:21 16 Dec 2020

Game-changing US deal will transform Canadian Overseas Petroleum into a producer

This is a game-changing acquisition which will materially reposition COPL as a production company with assets that have a long-term lifecycle and rapid production opportunity.

Arthur Millholland, chief executive

What it owns

An opportunistic deal to acquire private US oil and gas company Atomic Oil & Gas LLC is set to transform Canadian Overseas Petroleum Limited's (LON:COPL) into a producer, with a meaningful and valuable operation.

Atomic brings producing assets in the US state of Wyoming, the Barron Flats Shannon Unit (57.7% owned by Atomic) and Cole Creek Unit (66.7% owned by Atomic).

Elsewhere, the company's asset portfolio has been focussed on Nigeria.

The company affiliate ShoreCan owns its interest in the OPL 226 licence, offshore Nigeria.

An agreement in June saw ShoreCan transfer 70% of its stake in Essar Nigeria to Essar Mauritius in return for an end to the legal action brought by the Indian conglomerate.

Essar Nigeria's sole asset is a 100% interest and operatorship of OPL 226, which lies 50 kilometres offshore in the central area of the Niger Delta.

Through the agreement, Essar Mauritius will grant Shorecan a 10% carried interest (capped at US\$5mln net) on all costs relating to the drilling of a first appraisal well at OPL 226.

This is an option to increase this stake to 30%.

Essar Nigeria will also now seek an extension of the production sharing contract for OPL 226 beyond the current term that ends on September 30.

In October, COPL said that the deadline date for completion of the settlement had been extended to until January 29, 2021, due to COVID-19 disruption and restrictions.

Historically, five wells have been drilled, with the first oil discovery on the Block made in 2001 in the fifth well (Noa-1) after earlier drilling encountered predominantly gas-bearing sands.

How It's doing

Through the Atomic transaction the company will pick up Barron Flats which produces around 1,400 barrels per day

Price: 0.2625

Market Cap: £25.35 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: COPL

Listing: LSE

52 week High Low
 0.599 0.031

Sector: Oil & Gas

Website: www.canoverseas.com

Company Synopsis:

Canadian Overseas Petroleum Limited is a junior oil and gas company focused in Sub-Saharan African. The company is headquartered in Calgary, Canada. Our shares trade on the London Stock Exchange ("COPL") and on the Canadian Securities Exchange ("XOP"). Our team of highly skilled geologists and engineers have years of experience in the UK basin, West Africa, and a variety of regions throughout the globe.

action@proactiveinvestors.com

(bpd), up from 200 bpd in 2017, and is forecast to reach a plateau rate of 5,000 bpd gross by 2022.

The Cole Creek asset, meanwhile, is forecast to have a 3,500 bpd plateau by 2026.

Significantly, the fields are at the front end of what's expected to be a 40+ year operating life.

"Oil production assets of this quality, having an incline curve rather than a decline curve, are rarely available for purchase," Arthur Millholland said.

"Circumstances surrounding the Covid-19 situation created this favourable opportunity for COPL.

"With this acquisition, in addition to the substantial upside potential already present in our Nigerian offshore project, the company is now strategically well placed to deliver enhanced value and returns to shareholders."

The Atomic transaction has a reported deal value of US\$54mIn - comprising a US\$1mIn deposit, US\$26mIn of assumed debt, US\$23mIn of debt and cash payments, plus US\$4mIn in shares.

Previously, for the Nigerian project, COPL's share price was boosted following a settlement in principle with partner Essar in their dispute over OPL 226, and the company will now be carried on an appraisal well.

The company has also refinanced itself through two placings to raise £1.2mIn in addition to a US\$2mIn equity funding facility.

Interview

Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analysts, journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +44 (0)207 989 0813 action@proactiveinvestors.com

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of Canadian Overseas Petroleum Limited named herein, including the promotion by the Company of Canadian Overseas Petroleum Limited in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars (\$25,000).