

i3 Energy PLC

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i3 Energy reveals early findings from latest Liberator well

i3 Energy PLC (LON:i3E) confirmed that its Liberator Well 13/23c-11 reached target depth and encountered reservoir sands.

The company, in a stock market statement, said that the well encountered the Valhall shale as planned and cut around 220 feet of sand in the Captain reservoir, of which 20 feet had indications of oil and were above the expected oil-water-contact (OWC).

READ: I3 Energy calls a discovery at Serenity in North Sea

Wireline logging operations will now be undertaken, as planned, to gather further insights, the firm added.

"We are pleased to have encountered a thick Captain sand at this location including oil indications in the upper Captain sand above the oil water contact," said Majid Shafiq, i3 chief executive.

"Initial interpretation is that the sand thickness above the OWC is lower than anticipated. Definitive results will be determined and the market updated in due course," he added.

WH Ireland hoped for more, says attention shifting to Serenity
 "The indicated 20 feet is consistent with the oil column of the Liberator discovery well (drilled in 2013) and we had expected materially more oil column from the A2 appraisal well, which targeted a structural high," said Brendan Long, analyst at WH Ireland.

"We expect to learn more about the well result in due course."

The WH Ireland analyst highlighted the significance of the recent success elsewhere, with last month's Serenity discovery well.

He said: "We believe that the successful Serenity exploration well, announced 29 October 2019 shifted the company's centre of gravity towards that field and that the most recent result from the appraisal well at Liberator further shifts the balance of value towards that field.

"For perspective on Serenity, the oil in place estimate is 197 mmb (source: i3 Energy) based on pre-drill assumptions, which are broadly thought to have been confirmed by the successful discovery well."

Long noted that I3 estimated Serenity hosted 197mln barrels prior to the Serenity well and those assumptions are thought to have been confirmed broadly by the success.

He reckons that a 'full success case' for Serenity would value the discovery at US\$543mln, or around 242p per share - a risked view of this success would have a fair value equating to 61p per share, Long added.

Price: 7.2

Market Cap: £7.76 m

1 Year Share Price Graph



March 2019 September 2019 March 2020

Share Information

Code: I3E

Listing: AIM

52 week High Low
 59.0138 3

Sector: Oil & Gas

Website: i3.energy

Company Synopsis:

i3 Energy is an independent oil and gas company with assets and operations in the United Kingdom.

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Accordingly, Serenity alone presents an opportunity for substantial upside to i3 Energy's current price of 20.28p.

"We expect the shares to be volatile over the days and weeks ahead and see the 61p risked fair value estimate for Serenity as the key benchmark," Long noted.

** Updated to include comments from WH Ireland analyst Brendan Long

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