

Touchstone Exploration Inc

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Touchstone Exploration to press ahead with Chinook well unless suspension becomes "absolutely necessary"

Touchstone Exploration Inc (LON:TXP) has told investors it plans to press ahead with the drilling of the Chinook prospect, in Trinidad, unless it becomes "absolutely necessary" to suspend operations due to the coronavirus (Covid-19).

Operationally, the company's focus is on delivering the Coho and Cascadura discovery wells - which will significantly boost production volumes - and drill Chinook which follows on as the third well on the Ortoire block.

Posting full-year results on Thursday, the AIM-quoted oil firm also noted that it has immediately responded to the significant global economic uncertainty created by the Covid-19 pandemic and the unprecedented decline in crude oil prices.

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"Aside from voluntarily restricting certain field operations, the company has had no operational impacts from COVID-19 to date, and we will monitor the situation and adapt our operations accordingly," Touchstone said.

It added: "Our low base production decline rate, strong operating netbacks, top-tier capital efficiencies, lack of development drilling commitments and solely operated exploration capital program provide flexibility in this volatile market."

Touchstone noted that it has US\$13.5mln of cash at the end of February, bolstered by a recent equity raise, and, prior to that it ended the financial year with US\$6.18mln.

During the year, it had oil sales of 1,825 barrels per day (boepd) representing a 6% improvement on the preceding twelve months - for context, in testing Coho and Cascadura have so far produced in excess of 7,000 and 10,000 boepd respectively.

Petroleum sales generated some US\$38.6mln in the year, up 2% from US\$37.7mln in 2018, despite the 'netback' coming in at US\$26.68 per barrel, amid an annual 10% decrease in Brent reference pricing.

It reported a US\$5.6mln net loss for the year.

Amidst its outlook statement, Touchstone said: "We continue to monitor the situation and economic environment, and we will adapt our business operations to ensure that we preserve and grow long-term shareholder value."

Price: 110

Market Cap: £229.57 m

1 Year Share Price Graph



December 2019 June 2020 November 20

Share Information

Code: TXP

Listing: AIM

52 week High Low
120 13.27

Sector: Oil & Gas

Website: www.touchstoneexploration.com

Company Synopsis:

Touchstone Exploration Inc. is a Canadian-based, international upstream oil and gas company currently active in the Republic of Trinidad and Tobago. It is one of the largest independent onshore oil producers in Trinidad, with an experienced management and executive team that have a track record of delivering value to shareholders.

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