

Touchstone Exploration Inc

07:58 14 Aug 2020

Touchstone Exploration can get big value boost from Chinook-1 well, suggests finnCap

Touchstone Exploration Inc (LON:TXP) produced solid results as it announced it has spudded Chinook-1, the latest exploration well on the prolific Ortoire block onshore in Trinidad.

Success at Chinook-1 would provide another major uplift to the valuation and the growth outlook, suggest finnCap.

Production has taken a back seat to the drilling programme, but impressive cost reductions and cash preservation efforts leave Touchstone in a healthy financial position with US\$15mIn of available liquidity, said the broker.

"Touchstone remains not only an exciting high-impact exploration play but also a strong production and cash flow growth story as it looks to rapidly bring its material low-cost gas/condensate discoveries onshore Trinidad into production".

The broker has a target price of 91p.

Chinook-1 is targeting hydrocarbon prospects in the Herrera formation, the same horizon found in the successful Coho and Cascadura discoveries.

It will be drilled to depth of 9,880 feet and the drill programme is expected to take 40 days.

"The spudding of the Chinook well marks the next phase of our Ortoire block exploration program that has already delivered two successful natural gas wells in just over a year," Paul Baay, Touchstone chief executive said in a statement.

"The Chinook well is being drilled in proximity to the original 1959 well and will further evaluate the turbidite concept eastward from the original Coho discovery. With the assistance of a 3D seismic survey, we are now expecting to move up structure to target the Herrera sands.

Second-quarter results confirmed average daily crude oil production of 1,396 barrels per day, compared to 1,589 barrels per day in the preceding quarter and 1,768 barrels in the second quarter of 2019.

The company noted that it saw an operating netback of \$10.73 per barrel despite realized price reductions and operating costs were down 28%.

It exited the quarter with some US\$6.89mIn of cash and had US\$8.46mIn of net debt.

Shares eased 2% to 73.5p.

Price: 111.5

Market Cap: £232.7 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.

action@proactiveinvestors.com

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 Touchstone Exploration Inc named herein, including the promotion by the Company of Touchstone Exploration Inc 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).