

Canadian Overseas Petroleum Limited

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COPL to re-evaluate after Liberia well draws blank

Canadian Overseas Petroleum Limited (LON:COPL) is having to take stock after drilling results from its highly-anticipated exploration well offshore Liberia disappointed.

The recent drill tests carried out at the Mesurado-1 well by owner and oil super major ExxonMobil failed to find hydrocarbons.

The well, which sits in the LB-13 Block, will be plugged and abandoned, with no further logging operations conducted.

"We are naturally disappointed by the lack of hydrocarbons in the targeted reservoir sands in the Mesurado-1 well," said COPL chief executive Arthur Millholland.

"The lack of hydrocarbons at this location where our seismic data presented attributes indicative of hydrocarbons will cause us to do additional work on the 3D seismic over the block, and re-evaluate the other leads we have mapped on LB-13."

Mesurado-1 is located some 50 miles from the Liberian coast and is in 2,500 metres of water.

Before today's news, the target had been estimated to host 1.78bn to 4.2bn of gross prospective recoverable oil resources.

COPL owns a 17% stake in the exploration project, though its share of the drilling costs is covered by Exxon.

Analysts still upbeat on COPL nonetheless

The company's focus will now turn to its "attractive" oil project offshore Nigeria, where appraisal drilling is slated to start towards the end of 2017.

"This is clearly a setback for COPL, however the company is well diversified with an attractive oil appraisal and development project offshore Nigeria on OPL 226," said Cantor Fitzgerald analyst Sam Wahab.

Wahab also reckons that there is the possibility for COPL's partners to drill a further exploration well at Liberia given the falling rig costs associated with the project.

The analyst still has the stock as a 'buy', although he has reduced the target price to 11p.

Shares fell 78% to 1.75p.

Price: 0.185

Market Cap: £9.01 m

1 Year Share Price Graph



December 2019 June 2020 December 20

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

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

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