

Premier Oil PLC

04:06 12 Jul 2012

Falkland Oil: Premier agrees US\$1 bln deal to control Rockhopper's Sea Lion

Falkland oil stocks were on the march this morning as Premier Oil (LON:PMO) became the latest company to venture into the South Atlantic.

It has agreed a major tie-up with Rockhopper Exploration (LON:RKH) that will see the British oil firm take a 60 per cent stake in the Sea Lion oil field development. In return Premier is committing just shy of US\$1 billion.

Premier will become the operator and take control of the project.

Initially Rockhopper will receive US\$231 million in cash. Subsequently Premier will take on US\$722 million of Rockhopper's share of the development costs and it will cover US\$48 million of its exploration costs.

The deal has been described as 'transformational' and by providing development funding analysts say it will overcome one of the main hurdles facing the Sea Lion project.

"Overall Premier looks like a good partner for Rockhopper in this development and brings a solid development capability and a strong balance sheet," Oriel Securities analyst Nick Copeman said in a note to clients.

Rockhopper shares were up almost 20 per cent in early deals. Though it appears some investors have been keen to sell following the hotly anticipated news and this has stifled some of the early gains.

At 9 am on AIM, Rockhopper shares were up 16p, or 6 per cent, trading at 289p. Meanwhile the Premier endorsement help lift fellow North Falkland explorers Desire Petroleum (LON:DES) and Argos Resources (LON:ARG) which gained 7 and 8 per cent respectively.

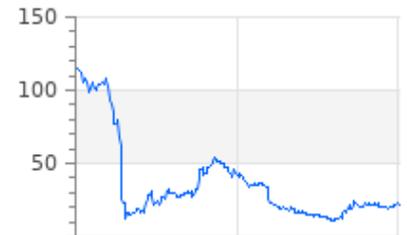
Premier Oil separately reported a 'strong' performance in its current operations, where annual production is currently expected to average 60,000 barrels per day. It says it is still on track for its medium-term goal of producing 100,000 barrels a day from its existing projects.

This morning Premier Oil shares gained 13p, or 3.75 per cent, to trade at 272p.

Price: 21.32

Market Cap: £197.32 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: PMO

Listing: LSE

52 week High Low
 119.9 10.015

Sector: Oil & Gas

Website: www.premieroil.com

Company Synopsis:

Premier Oil plc is an independent exploration and production company with oil and gas interests in the North Sea, South East Asia, Pakistan, the Falkland Islands and Latin America. Post the E. ON acquisition, the company has reserves and resources of more than 800 million mmboe. The Company is engaged in the business of upstream oil and gas exploration and production.

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