

SDX Energy Inc

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SDX Energy confirms start of South Disouq gas production

SDX Energy Plc (LON:SDX) has told investors that production has now officially begun at the South Disouq gas field in Egypt.

The company owns a 55% stake in the South Disouq which has been a key focus for investors and management alike.

Gas has been flowing at South Disouq since 7 November, the company confirmed in a statement, and all four of the field's wells have now been hooked up to the central processing facility.

READ: SDX kicks off drilling campaign in Morocco's Gharb Basin

Each has achieved their expected production rates, between 8mln and 15mln cubic feet per day, in testing since 7 November and over the past three days South Disouq's gross production rate measured 23mln cubic feet per day plus 120 barrels per day of condensate (which equates to about 24mln cubic feet of gas).

SDX noted that the initial production rates are in line with expectations and further testing will take place over the coming weeks.

Production rates will gradually ramp-up over time at South Disouq, the company added.

The project's gross plateau production of 50mln cubic feet per day is anticipated to be achieved during the first quarter of 2020.

"South Disouq's production, which is coming on stream in line with our previous guidance, will result in a material increase to company's cashflows going forward," Mark Reid, SDX chief executive said in a statement. "We look forward to providing the market with further updates in due course."

Production from South Disouq is to be sold under contract with the Egyptian national gas company, EGAS, at a fixed price of US\$2.85 per thousand cubic feet. The government has a 51% entitlement share of gross production.

Reid named permanent chief executive

In a separate statement, the company announced that Reid has been appointed as the company's permanent chief executive following on from his interim appointment back in May.

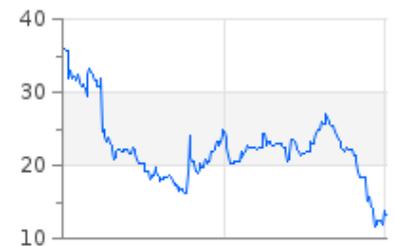
SDX chairman Michael Doyle said: "We are very pleased to appoint Mark to the role of CEO on a permanent basis. Mark has successfully delivered a number of key milestones since taking over as Interim CEO, including; achieving first gas at South Disouq, Egypt, and the commencement of the company's drilling campaign in Morocco last month."

"Mark has the full support of the Board and we remain very positive about the Company's growth trajectory," he added.

Price: 13.5

Market Cap: £27.64 m

1 Year Share Price Graph



April 2019 September 2019 March 2020

Share Information

Code: SDX

Listing: AIM

52 week High Low
36.3 11

Sector: Oil & Gas

Website: www.sdxenergy.com

Company Synopsis:

SDX is a North Africa focused, exploration and production company, listed on the AIM market of the London Stock Exchange. SDX has a balanced portfolio of production, development and exploration assets across Egypt and Morocco. SDX aims to deliver value for shareholders by growing its low cost, high margin production profile.

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Additionally, Nick Box has been named as the company's new chief financial officer and director. He has been the company's financial controller since October 2016.

SDX shares were on the front foot in Tuesday's deals, rising 3.3% to change hands at 23.25p each.

Welcome news for investors

Sam Wahab, analyst at SP Angel, in a note highlighted that the start of production will be welcome news to investors following a number of delays.

"A plateau targeted gross production rate of 50MMscfe/d will provide the company with a material boost to operating cash flows ahead of a drilling campaign of up to five exploration wells in 2020 on the field," Wahab said.

"These wells will target the same Abu Madi and Kafr el Sheik prospective horizons that have seen the company make four discoveries from the five wells drilled to date."

The SP Angel analyst also noted that Mark Reid's appointment was "another positive" as he provides "a wealth of financial and sector experience" ahead of an active period for the company.

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