

Touchstone Exploration Inc

06:53 14 Feb 2020

Touchstone Exploration has "considerable running room" - Shore Capital

There's "considerable remaining running room" for Touchstone Exploration Inc (LON:TXP) shares following on from the new discovery in the Ortoire exploration project, that's according to stockbroker Shore Capital.

Driven by exploration successes within the Ortoire area Touchstone shares are up around 180% since early December 2019.

Earlier this month the Cascadura-1ST1 well confirmed a significant liquids-rich natural gas discovery.

The result exceeded the company's pre-drill expectations, it was still only a test of the lowermost section of the well. It encountered a total of 777 feet of pay in the Herrera formation, and, first stage testing covered the lower-most 162 feet.

Flow rates were measured at 5,180 barrels oil equivalent per day (boepd) over a fourteen-hour test period - comprising 26.9mln cubic feet and 694 barrels of natural gas liquids per day. The rate saw a peak of 5,736 boe.

Touchstone itself described the result as representing a "dramatic change" for the company.

Shore Cap analyst Craig Howie, in a note, said: "an average flow rate of 27mmcf/d of gas was achieved during the final extended test period, with almost 700bopd of associate liquids reported and the well exceeding expectations (ahead of testing of an upper zone covering 450ft of identified pay).

READ: Touchstone says Cascadura is a "significant" new discovery

"With these flow rates translating into a very substantial 5,180boepd in oil equivalent terms, and the upper zone at Cascadura providing additional potential beyond this."

Results to date give house broker Shore Cap enough confidence for it to significantly upgrade forecasts production forecasts for 2021, which in turn lift the broker's estimate of US\$7.7mln profit next year.

"Our latest forecasts (and recently upgraded 48p/share Risked NAV estimate) are intended to provide a conservative baseline ahead of a further update on Cascadura testing next month," Howie said.

"We therefore see an upside bias to further revisions, as more information emerges in the coming weeks, along with considerable remaining running room for Touchstone shares."

A "step change" for production

Howie added: "we already expect this liquids-rich gas discovery to provide a step-change for Touchstone's production

Price: 165.6

Market Cap: £345.61 m

1 Year Share Price Graph



January 2020 July 2020 January 2021

Share Information

Code: TXP

Listing: AIM

52 week	High	Low
	175.5	20.5

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

profile, beyond the success previously achieved with Coho-1.

"We are now forecasting average net daily production of 7,000boepd in FY2021, compared to the 1,825bopd that we estimate for FY2019. We also expect Ortoire gas to offer more favourable fiscal terms (compared to Touchstone's established oil portfolio, which is subject to Supplementary Petroleum Tax)."

"We assume that Cascadura is brought online at the end of this year, driving an upgrade to our forecasts which now indicate revenues of US\$84m, a US\$7.7m net profit and US\$14.7m of free cash flow in FY2021.

"With the upper zone at Cascadura providing excellent scope for a further upgrade to our FY2021 production forecasts, we eagerly look forward to a further update next month, when we expect a final analysis of the lowermost zone and a progress report on testing of the second horizon. This upper zone covers 450ft, almost three times the thickness of the horizon already tested."

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).