

ADM Energy PLC

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ADM Energy looking to growth opportunities as Aje field performs

OML 113 is well known to us and it is a fantastic asset that covers the spectrum of field types from current oil production to several appraisal plays.

Osamede Okhomina, ADM Energy chief executive

What it owns

Newly refocussed, restaffed and re-energised - ADM Energy Plc (LON:ADM) has emerged out of the remains of the MX Oil vehicle and its attentions are initially pointed on the OML 113 asset, which includes the Aje field.

Aje has multiple oil, gas and gas condensate reservoirs.

ADM seeks to build on this initial asset base through other investment opportunities across the West African region in the oil and gas sector.

A transaction with Nigerian firm EER sees the company increase its stake in OML 113, adding a 2.25% interest for US\$3mln (of which US\$2mln will be paid in shares).

Once complete, ADM's participating stake in OML 113 will increase to 4.9% - with its revenue and cost bearing interests moving to 9.2% and 12.3%, respectively.

ADM's net proved and probable reserves will increase to 16.4mln barrels from 8.9mln barrels. Net production will accordingly increase to 273 barrels of oil per day from 148 bopd.

OML 113 is described as being "well known" to the company, and, it comprises current oil production plus several exploration and appraisal plays.

The company, in October, teamed up with Dubai Bridge Investments (DBI) to collaborate of potential new projects, geographically target in sub-Saharan Africa.

DBI will be responsible for providing or sourcing funding for projects sourced by the ADM team. Several potential targets had already been identified.

ADM in October saw a boost to a legacy investment, a stake in energy storage tech group Superdielectrics, as a new funding round was marked at a premium to its prior raise.

The company brought in £13mln with shares sold at £4.50 each - which nets off favourably against the £1.025 per share paid previously by ADM for 195,000 shares. ADM's stake is now valued at £877,500.

Price: 5.07

Market Cap: £4.97 m

1 Year Share Price Graph



December 2019 June 2020 December 20

Share Information

Code: ADME

Listing: AIM

52 week **High** **Low**
8.25 1.8

Sector: Oil & Gas

Website:

Company Synopsis:

ADM Energy is a natural resources investing company with an existing asset base in Nigeria in the Aje Field, part of OML 113. Aje has multiple oil, gas and gas condensate reservoirs in the Turonian, Cenomanian and Albian sandstones with five wells drilled to date.

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How it is doing

The Aje field resumed oil sales in October with the fourteenth lifting of crude occurring in October, after transactions were suspended at the onset of the pandemic.

Some 557,091 barrels of crude were lifted in October, of which ADM's share amounted to 33,056 barrels.

The company at that time noted that proceeds from oil sales will be used to pay against the project debt and will significantly reduce the outstanding balance.

Previously, in September, the company highlighted excellent progress despite difficult macro conditions.

Results for the six months ended June 30 showed that the Aje field, now 9% owned by ADM, produced at an average rate of 2,126 bopd, which is 106 bopd net to ADM.

Total gross production tallied 394,812 barrels, 24,941 net to ADM.

Operations at Aje field had continued largely uninterrupted by COVID-19 and costs were significantly reduced at the asset level, bringing break-even costs down to US\$28 per barrel and ensured the asset remains profitable.

Looking ahead, three new wells are planned in 2021, he noted, which is significantly expected to increase the field's production significantly to around 9,000 barrels of oil per day.

In July qualified to participate in the Nigerian government's first oilfield licence bid round since 2003 as the exclusive technical partner of local oil and gas service management company, OilBank International.

Some 57 marginal fields are being offered up by the Nigerian Department of Petroleum Resources, covering onshore, swamp and shallow offshore fields.

What the boss says: Osamede Okhomina, chief executive

"Faced with market volatility earlier this year, we chose to take advantage of the large storage capacity onboard the FPSO and to defer oil sales from Aje," Osamede Okhomina, ADM chief executive said in October.

"It is therefore very pleasing to have now completed the 14th lifting at a significantly higher price than would have been possible earlier in the year."

He added: "We expect to further benefit in the coming months from rising production at Aje in H2 2020, increasing our stake in the asset as we conclude the EER transaction and a further improvement in the oil price forward curve."

Video

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