



Jun 19th 2013

Oil Column: Ophir & Rialto start work on latest Jubilee-a-like

In the oil exploration sector no project get its name dropped quite as much as Tullow's Jubilee field, offshore Ghana.

The field, the breakthrough success of Kosmos and Tullow, has become something of a poster child' for exploration in the Atlantic margin. As such it is often referenced by those exploring off the South American coast, Morocco and even Ireland.

The latest so called Jubilee-a-like', however, is much closer to the famous field - just 375km to the east to be precise.

Ophir Energy (LON:OPHR) and AIM quoted Rialto (LON:RIA) today announced the start of drilling on the Starfish exploration well, in the Accra block, offshore Ghana.

The Starfish well, which is described as a play-opener', will test a near 300mln barrel prospect at a depth of 3,850 metres. And drilling is expected to take 40 days.

In a recent note City broker Investec outlined the similarities with Jubilee.

"Starfish will target a stratigraphic onlap trap of similar age (Cretaceous) to Jubilee. Like Jubilee, it is a transform fault, parallel to the shoreline with channelled sands running into targeted horizons, potentially providing the reservoir," analyst Brian Gallagher said.

He also explained that although Ophir estimates the prize as 300mln barrels, previous estimates, from a prior operator, pointed to a larger opportunity (of 665mln barrels).

As the group suggests though there is the possibility of follow on opportunities should the initial wildcat' well prove a success.

Given that it is a wildcat' - essentially meaning it is the first well in this previously untested area - the risk remains fairly high. Ophir estimates a 20% chance of success.

That said a success would be significant for both London-listed partners, particularly Rialto.

Ophir has a 20% interest in the well, while Rialto's part owned Ghanaian subsidiary has 12.5%.

Energy trader Vitol is providing Rialto with the funding for its share of the well costs and in return its has taken a stake in the Ghanaian subsidiary (this could ultimately rise to 51%).

Nonetheless, even with full dilution, Rialto sees Starfish as a transformational opportunity, and Investec agrees.

"For the two companies in our coverage with exposure to the well, a hit or miss will have a greater impact on Rialto Energy.

"Starfish represents the only firm well in its campaign and a hit, even at a Vitol deal adjusted 5.5% interest, would translate to 10p fully risked. This would be invaluable for Rialto as it seeks to secure funding for its operations at the CI-202 block in Cote d'Ivoire.

"For Ophir, the impact of a hit or a miss is lower, but still meaningful."

Share Information

Code:

Listing:

Sector:

Website:

action@proactiveinvestors.com



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

Proactive Investors is a publisher and is not registered with or authorised by the Financial Services Authority (FSA). You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value or suitability of any particular security, portfolio of securities, transaction, 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.