

Seismic reflections

Ireland: Offshore bonanza?

Last week's reservoir analysis update from Providence Resources on its Barryroe discovery adds to the positive industry news coming out of Ireland this year and it looks as if there is more to come. Barryroe was discovered in the 1970s but it is only now that technological developments and a strong oil price have come together to bring interest back to the region. It is the first commercial discovery of oil offshore Ireland, but there are also potentially large gas condensate targets to the west of the country in prospects analogous to successful plays elsewhere in the Atlantic Margin. The first of these, Dunquin, is due to spud in early 2013.

Barryroe: Development one step closer

Having demonstrated commercial flow rates from the 48/24-10z Barryroe appraisal well earlier in the year, Providence has now provided a reservoir analysis update that allocates a recovery factor of 31% to the main Basal Wealden reservoir. This gives a gross recoverable reserves estimate of 234mboe, with an additional 1,065mboe of P50 oil in place remaining in three further reservoirs. This brings the development of Barryroe one step closer and the company will be looking to attract a farm-in partner in the new year. Providence is currently trading at \$3.6/bbl and, despite the share price already increasing by over 300% this year, there is room for further gains.

Atlantic margin analogue activity in 2013

Previous exploration offshore Ireland has focused on Jurassic targets similar to those in the North Sea but success elsewhere, especially offshore West Africa, has prompted another look at other carbonate play systems in the Atlantic Margin. The focus of interest has recently switched to the Southern Porcupine Basin to the west of Ireland, which is believed to potentially contain a number of large stratigraphic traps in the Cretaceous. The next prospect to be drilled targeting this play will be the 1.7bnboe Dunquin, operated by ExxonMobil, with Providence holding 16%. With overpressures expected in this deep well sitting in 1,600m water, the ultra deepwater semi sub Eirik Raude is planned to carry out the drilling. Any success here will likely set off drilling in a number of other large prospects in the area. Shares in Europa Oil & Gas doubled in September when it announced it had identified two large prospects, Mullen and Kiernan, in the basin.

New technology key to unlocking prize

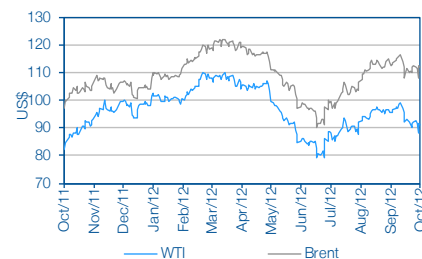
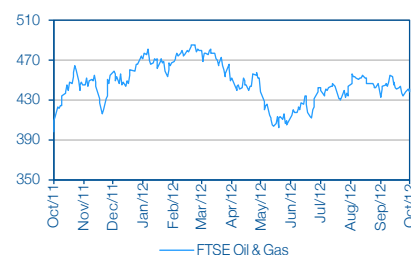
Progress in directional drilling and 3D seismic techniques together with the new generation of drilling rigs mean the potential prize offshore could now be within reach. Ireland's Department of Communications, Energy and Natural Resources estimate that a substantial gas/condensate field would deliver around \$6.7bn in taxes while a 750mmbbl recoverable oil discovery would contribute \$22bn.



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Exhibit 1: Best and worst performers

		1 week			
No.	Best performers	% change	No.	Worst performers	% change
1	SOUND OIL PLC	68.4%	1	GASOL PLC	-12.3%
2	AMERISUR RESOURCES PLC	16.1%	2	PETRONEFT RESOURCES PLC	-11.7%
3	BANKERS PETROLEUM LTD	9.8%	3	GULF KEYSTONE PETROLEUM LTD	-8.8%
4	MEDITERRANEAN OIL & GAS PLC	9.6%	4	ROCKHOPPER EXPLORATION PLC	-8.3%
5	MAX PETROLEUM PLC	8.2%	5	BORDERS & SOUTHERN PETROLEUM	-8.2%

		1 month			
No.	Best performers	% change	No.	Worst performers	% change
1	NIGHTHAWK ENERGY PLC	128.1%	1	CHARIOT OIL & GAS LTD	-69.7%
2	SOUND OIL PLC	81.8%	2	RESACA EXPLOITATION-DI	-61.6%
3	PETREL RESOURCES PLC	55.6%	3	LENI GAS & OIL PLC	-35.2%
4	EUROPA OIL & GAS HOLDINGS	40.5%	4	BAHAMAS PETROLEUM CO PLC	-28.2%
5	MEDITERRANEAN OIL & GAS PLC	22.6%	5	FALKLAND OIL & GAS LTD	-27.2%

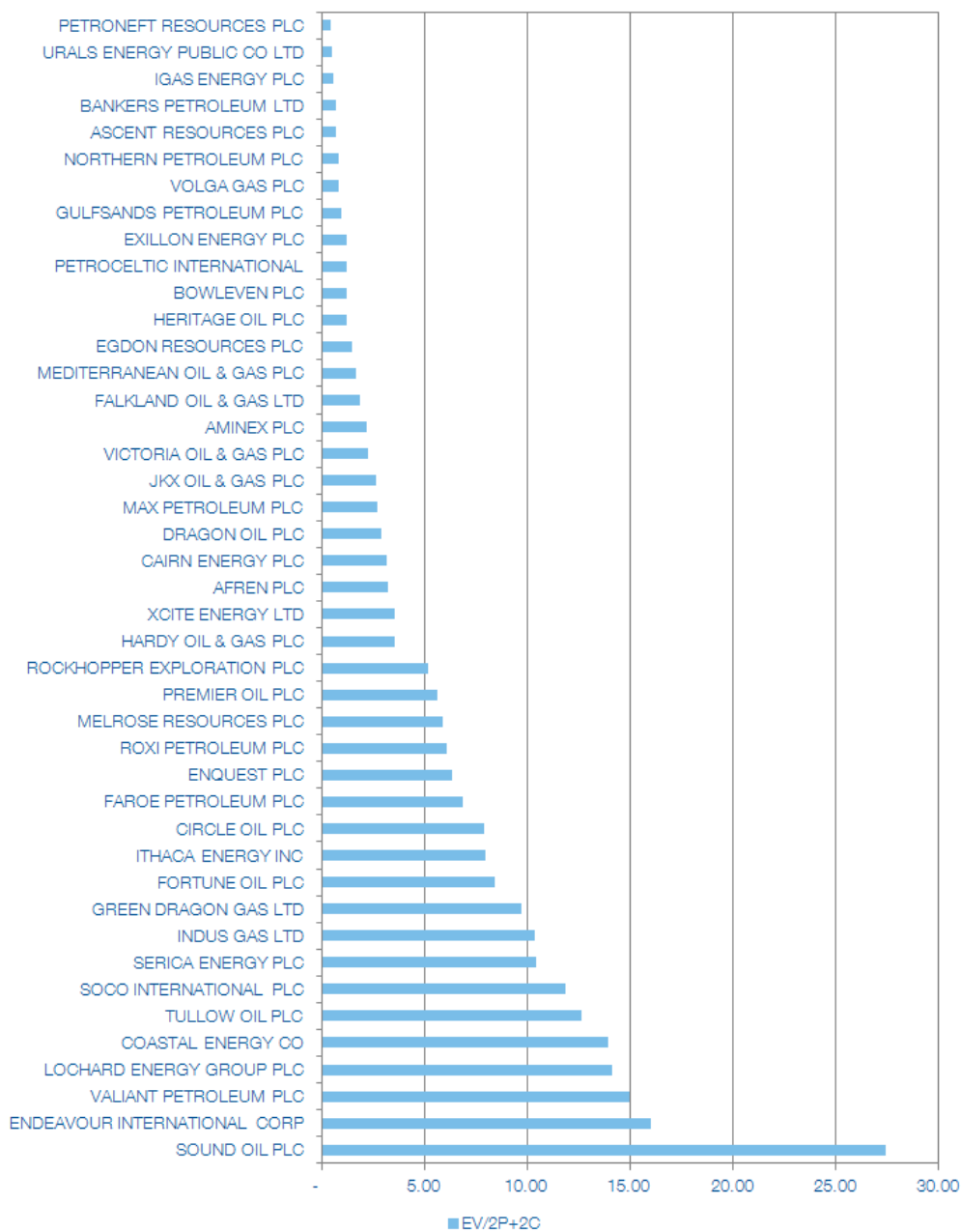
		3 months			
No.	Best performers	% change	No.	Worst performers	% change
1	NIGHTHAWK ENERGY PLC	105.0%	1	CHARIOT OIL & GAS LTD	-73.0%
2	XCITE ENERGY LTD	52.1%	2	BORDERS & SOUTHERN PETROLEUM	-65.3%
3	HERITAGE OIL PLC	52.0%	3	RESACA EXPLOITATION-DI	-64.6%
4	EXILLON ENERGY PLC	47.7%	4	GASOL PLC	-60.0%
5	PETREL RESOURCES PLC	40.0%	5	FORUM ENERGY PLC	-47.3%

		6 months			
No.	Best performers	% change	No.	Worst performers	% change
1	MEDITERRANEAN OIL & GAS PLC	159.1%	1	CHARIOT OIL & GAS LTD	-83.6%
2	NIGHTHAWK ENERGY PLC	88.4%	2	INDEPENDENT RESOURCES PLC	-70.5%
3	AMERISUR RESOURCES PLC	71.1%	3	RESACA EXPLOITATION-DI	-67.1%
4	IGAS ENERGY PLC	58.8%	4	BORDERS & SOUTHERN PETROLEUM	-66.9%
5	HERITAGE OIL PLC	32.3%	5	MAX PETROLEUM PLC	-65.8%

		1 year			
No.	Best performers	% change	No.	Worst performers	% change
1	AMERISUR RESOURCES PLC	286.0%	1	RESACA EXPLOITATION-DI	-82.9%
2	KEA PETROLEUM PLC	108.3%	2	PETRO MATAD LTD	-74.6%
3	SERICA ENERGY PLC	100.8%	3	CHARIOT OIL & GAS LTD	-73.5%
4	COASTAL ENERGY CO	98.2%	4	LENI GAS & OIL PLC	-67.5%
5	MEDITERRANEAN OIL & GAS PLC	86.9%	5	FRONTERA RESOURCES CORP	-66.8%

Source: Bloomberg

Exhibit 2: EV/2P + 2C rankings



Source: Bloomberg, company releases, Edison Investment Research

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