

# Egdon Resources

**Oil & gas**
**24 September 2021**

## Wressle exceeds expectations

The Wressle-1 well has delivered above management's expectation, producing at 884bod with a further c 80boed of gas. With a 30% working interest in Wressle, Egdon has achieved a significantly higher 289boed net versus its target of 150bod, with the full potential of the well yet to be tested. Further onshore drilling remains dependent on successful farm-outs, while offshore, the 3D seismic surveys on the Shell operated Resolution and Endeavour discoveries will now be delayed beyond the previously rescheduled February 2022 date. Egdon has also made progress with its geothermal projects, having identified the Dukes Wood-1 oil well for recompletion for geothermal heat production.

## Significant additional production

Wressle was brought into production on 30 January 2021, but it had to wait until a successful proppant squeeze operation could be carried out in August to achieve the current rate of 884bod and c 80boed gas. Production from the Ashover Grit is still constrained by gas handling equipment, and once these constraints are removed the full flow potential will be tested. The well will grow production from the company's H220 rate of 92boed and has generated revenues of over £300,000 for Egdon since 19 August 2021. Further onshore drilling is planned at Biscathorpe, with the planning application due to be heard in November this year, while a final investment decision to drill a horizontal well at the Waddock Cross oil field is due to be taken by the end of 2021 and could lead to drilling in 2022. The further delay to 3D seismic data acquisition at Resolution means the potential drilling date of 2023 could slip. Resolution holds gross mean contingent resources of 231bcf in the Zechstein a formation that has come under renewed industry focus in the UK following the 2020 Darach discovery. Shell will drill a well targeting the Zechstein in Pensacola in Q222.

## Geothermal progress

Egdon signed a memorandum of understanding with Creative Geothermal Solutions in April 2021 to screen potential geothermal projects. A programme to plug and abandon the Dukes Wood-1 oil well and recomplete it for geothermal heat production has been prepared. The work is due to start in Q122, pending regulatory approval.

**Price** **1.5p**  
**Market cap** **£8m**

US\$1.37/£

### Share price graph



### Share details

Code EDR  
 Listing AIM  
 Shares in issue 517m

### Business description

Egdon Resources is an AIM-listed, onshore focused oil and gas exploration company. The group has conventional and unconventional assets in the UK.

### Bull

- Wressle exceeded target of 500bod gross.
- Resolution 3D funded by farm-out to Shell.
- Wressle and Biscathorpe robust at low oil price.

### Bear

- Resolution 3D delayed beyond February 2022.
- UK onshore planning process can be lengthy.
- Unconventional activity on hold due to moratorium.

### Analysts

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### Historical figures

Year end	Revenue (£m)	PBT (£m)	EPS* (p)	EBITDA (£m)	Net cash (£m)	Operating cash flow
07/19	2.2	(1.7)	(0.6)	(0.6)	1.6	(0.9)
07/20	1.0	(4.7)	(1.5)	(1.0)	0.8	(0.2)

Source: Egdon Resources. Note: \*Reported EPS.

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