

# Sona looks to acquire Stag oilfield

MALAYSIA-based Sona Petroleum has made a move to acquire 100 per cent interest in the Stag oilfield, located 60 kilometres offshore Western Australia for a total cash consideration of US\$50 million.

A sale and purchase agreement between Sona E&P (Perth) Pty Ltd (Sona Australia) as the buyer and sellers Quadrant Northwest and Santos Offshore was entered into between the groups in early November.

Located in a water depth of about 50 metres, the Stag oilfield has been in production since 1998 and is currently producing 4,600 barrels per day from 10 active wells.

Sona said the proposed acquisition would be satisfied fully with internal funds generated from an initial public offer (IPO) and net of taxes, and was well under the Securities Commission guide on investment ratios of the trust fund.

Sona is Malaysia's largest special purpose acquisition company - a group that carries out an IPO to fund the acquisition of assets, known as its qualifying acquisition (QA).

If the acquisition goes ahead, it will see Sona have 100% operatorship and full



Stag oilfield. Image courtesy Sona Petroleum.

ownership of the assets in production and development, allowing it to further expand the drilling and production activities at the Stag oilfield.

Sona said the proposed acquisition will be effective from 1 July 2015, resulting in an immediately cash-generating asset for the company.

Independent analysis confirmed that the Stag oilfield has 13 million stock tank barrels (MMstb) of proved (1P) reserves, 16.2 MMstb of proved and possible (2P) reserves and 24.0 MMstb of proved, probable and possible reserves.

Sona managing director Hadian Hashim said the proposed acquisition is a good fit for the company.

"Whilst we did not complete the Salamander deal, a lot of work was put in to review five to six assets overall. Under the current price regime, we are now taking advantage of our operating environment to secure 100% ownership of a producing and cash generating asset."

"Under the current environment, this is a good opportunity to get this asset as our QA. As we have frequently communicated, Sona has been very prudent in its decisions and is on course to becoming a full-fledged operator, having evaluated in-depth our options for investment without straining financial capabilities." ●

## Elixir to buy WA asset

AWE LIMITED is in talks to sell its majority stake in the ROC Oil operated Cliff Head oilfield to Elixir Petroleum for up to \$9 million, the company has announced.

Elixir said in late December that it was working with AWE to resolve commercial and legal matters in respect of the heads of agreement to acquire a 57.5 per cent stake in the Perth basin field, first signed in late October.

"The agreement remains on foot and the parties are working towards resolving all outstanding matters in the first quarter of 2016," Elixir said.

Under the October agreement, Elixir said it would pay \$1 million upfront for the field, alongside 25 per cent of any net cash flow generated over \$3 million net to Elixir - capped at \$9 million in aggregate.

If acquired, the project would mark a return to Australian projects for Elixir, making it one of only a few Australian Securities Exchange-listed oil producers with projects in Western Australia.

An exclusivity period between the companies will expire on 29 January, with Elixir being required to demonstrate that it has \$3 million in financing for the transaction to proceed at this date.

Completion of the acquisition deal is scheduled to occur on or before 29 February.

At the time the proposed acquisition was announced, Elixir said it had selected the Cliff Head oilfield in order to provide shareholders with leverage to oil prices in addition to infield drilling, enhanced oil recovery potential and near field exploration and appraisal opportunities.

"The Cliff Head oilfield is located about 300 kilometres north of Perth and is well known to management and the board, with both the chairman and managing director having prior involvement in the asset in previous executive roles with Voyager Energy and ARC Energy respectively," Elixir added.

Elixir said the Cliff Head field had produced over 14.5 million barrels of oil since it began production in May 2006, with the fluids pumped 14 kilometres to the Arrowsmith processing facility and then trucked to the BP Kwinana oil refinery, south of Perth.

Company managing director Dougal Ferguson said the acquisition was a first step in the company's move from being purely an exploration group to a mix of production, appraisal and exploration assets.

"Acquiring a 57.5% working interest in the Cliff Head oilfield provides us with not only the ability to leverage ourselves to oil price but also the flexibility to introduce additional partner(s) at the right time if we feel the need to do so," he said.

Profits from the asset's production would be used to fund other exploration and new

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business activities, including the company's Petra project in Colorado, in the United States.

"Based on Elixir's forecast oil prices, production profiles, operating and capital cost estimates, the cash flow generated from the remaining 2P reserves at Cliff Head is adequate to fund future abandonment of the field which is not scheduled to occur until 2026," Elixir said in an announcement.

"Any increase in oil price, lowering of production costs or implementation of field life extension projects materially improve the economics and will likely extend the field life beyond 2026." ●