

9 December 2009

Northern Petroleum

Year End	Revenue (€m)	PBT* (€m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/07	5.9	0.4	(12.3)	0.0	N/A	N/A
12/08	7.0	2.7	1.5	0.0	105	N/A
12/09e	7.1	0.8	1.4	0.0	112	N/A
12/10e	24.0	8.1	7.4	0.0	21.3	N/A

Note: *PBT and EPS are normalised, excluding goodwill amortisation and exceptional items.

Investment summary: New gas field on-stream

Northern has announced the start-up of its Grolloo gas field in the Netherlands. It is also continuing to point to a strongly rising production trend over the next five years to around 6,000boepd. We see the stock as offering excellent value selling on a market capitalisation equivalent to £1/barrel of 2P reserves. Northern also offers interesting exploration upside potential, particularly with regard to its Italian licences.

Grolloo in the north-east of the Netherlands is the first of four gas fields planned to come on-stream over the next year. Production from the new field is initially scheduled to run at 7.4mmscf/d which adds substantially to the existing output from the Waalwijk onshore and P/12 offshore fields of about 1.8mmscf/d. The commissioning of the Geesbrug field is anticipated by end 2009 and the Brakel and Wik en Aalburg fields by Q210. Production by end 2010 from the four new fields is expected to be running at around 13.5mmscf/d or 2,400boepd (net to Northern).

Including the existing UK and Dutch operations, production by end 2010 could be approximately 2,300boepd. Significantly, Northern believes there is scope to boost production rates in the Netherlands. The gas processing facilities, it should be noted, are engineered for volumes considerably greater than those planned. Post 2010 Northern is planning to bring on-stream two oilfields at Papekop and Ottoland in the southern Netherlands. It also believes there is further exploration and development potential in the Netherlands and is anticipating further drilling activity here in 2010.

Price 143p
Market Cap £113m

Share price graph



Share details

Code NOP
Listing AIM
Sector Oil & Gas
Shares in issue 79m

Price

52 week High Low
165p 61p

Business

Northern Petroleum is an oil and gas exploration and production company focused on petroleum producing areas of low political risk in Europe.

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