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## **AIM Companies TomCo, Circle And Meridian Release Results And Reveal Year Of Change And Progress**

Last week's clutch of financial results saw a number of AIM E&Ps reporting on periods of transition. TomCo Energy, for example, came into being just six months ago when Netcentric Systems completed a reverse takeover of The Oil Mining Company Inc. The new company holds two oil shale projects in Utah, reckoned to hold some 230 million barrels of oil, plus low cost oil and gas producing assets in Texas.

The company plans to hold the oil shale assets, which are difficult to develop, in reserve until such time as their exploitation becomes commercially practical, something it expects the industry to address over the next decade as it responds to demand-side pressures in the US for new sources of domestic oil. Shell Oil is already making progress in exploiting this untapped resource and has said its in-situ oil shale extraction technology could be economic at oil prices of US\$30 per barrel.

In the meantime, the AIM company plans to build a portfolio of conventional shallow producing oil wells and development acreage in the US to generate cash flow. Some US\$1.39 million has already been invested, including US\$98,000 for a 40 per cent interest in the Flusche drilling prospect in Texas, US\$160,000 for a 20 per cent interest in three drilling prospects in Tennessee, US\$126,000 for a 30 per cent interest in the Rock Crossing drilling prospect in Texas and US\$30,000 for a 15 per cent interest in the JELP III drilling prospect in Kansas.

The company has also spent US\$972,000 on a joint venture with Mark III Energy in Texas, which holds two leases. The Abel lease covers 100 acres on a salt dome structure, historically one of the most prolific oil plays in southeast Texas. There are three wells producing a dribble of oil, around 15 barrels per day in total, but there are plans to drill another ten wells, with each new well contributing around 20 bpd. The Saratoga lease also covers a salt dome structure and is home to six wells pumping a total of 20 bpd. The JV plans to sink another seven wells over the next two years.

AIM-quoted Circle Oil, which last week released its results for the full year 2006, used the past 12 months to build a more balanced portfolio. The company has retained its early stage, high impact exploration positions in Oman and Namibia but added some lower risk, mature exploration projects in Tunisia and Morocco. In Morocco, for example, a gas discovery on the company's new Rharb acreage could be in production as early as later this year, with the gas sold to local industry.

The North African projects were acquired to help the company move towards first production and cash flows. It is keen to add more near-term development projects and is looking at ventures in Morocco, Tunisia and elsewhere in North Africa and the Middle East.

In Namibia, the company remains in protracted farm-out negotiations for its vast tranche of frontier exploration acreage. It is also seeking farm-in partners for its two Omani licences and the company said the acreage had "attracted considerable attention", particularly onshore Block 49 which appears to hold the possibility of a promising salt basin. The company plans to hold off on any deals until it has concluded processing and interpreting a new seismic survey, expected in the fourth quarter.

Fellow AIM firm Meridian Petroleum also released its full year results last week. Like TomCo, Meridian is focused on the US, where it has three projects on the verge of first production. CEO Tony Mason said the production and cash flow from these projects will mark "a significant step in the growth of the company".

These include the Milford-36 well, which, once perforated, could produce in excess of 1 million cubic feet of gas per day, the Orion sour gas field, expected to produce 2-3 million cf/d net to Meridian, and the Calvin field in Louisiana, where the 36-1 well flowed more than 1 million cf/d of condensate-rich

gas from the shallow Sligo-Petit zone during a February 2006 production test. It has taken some time to bring these projects online due to equipment shortages and operator issues but, finally, the AIM company is on the cusp of some significant production.

What's more, Meridian has added a number of potentially significant gas-producing assets: the Calvin Deep gas rights in Texas, a Coal Bed Methane opportunity in Alabama, reckoned to hold up to 390 bcf of gas, and the Delores prospect in Australia, with a prospective resource of 432 bcf within striking distance of a major gas line. Success at any of these projects could very well transform the company in the years to come.