



27 November 2024



VSA Morning Flow Test

This Morning's News

Prospex Energy (PXEN LN)[#]

Prospex Energy (PXEN LN) has provided an update on the Viura-1B development well, which was drilled by **HEYCO Energy Iberia S.L. (HEI)**. The well reached its revised Total Depth (TD) of 4,500m on October 21, 2024, and is now being prepared for flow testing, which is now expected to begin in early December 2024, along with first revenues after connection to the existing processing facilities is complete. Prospex holds a 7.2365% interest in the Viura field through its 7.5% stake in HEI and will receive 14.473% of the production income from the Viura gas field until its initial capital investment is recouped.

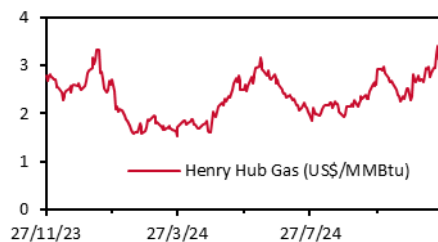
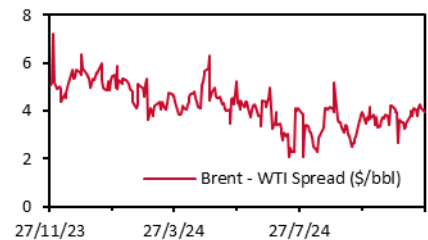
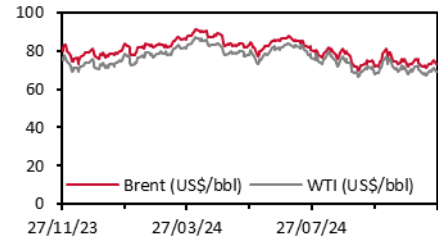
During drilling, the well was extended to evaluate the previously untested Utrillas-B formation, confirming the presence of gas-bearing reservoir sands. The operator completed this section with a cemented 4½ inch liner. Further testing of the Utrillas-B section is planned for H2 2025, during a scheduled plant shutdown.

The drilling rig has been moved from the Viura-1B location to the Viura-3 site to restore the operability of the produced water disposal well, improving the management of water from the Viura-1 ST3 production well.

Dutch TTF gas prices, against which the Italian and Spanish benchmarks are closely correlated, are now as high as €48/MWh, up 45% since June, which will benefit Selva as well as Viura as it enters production. The recent cold snap has prompted stronger demand while on the supply side Austria's **OMV** is currently in dispute with **Gazprom** and has suspended deliveries. Austria is thought to be securing Russian gas via alternative sources in the meantime, but volatility of deliveries has increased. This further underscores the need for reliable domestic supplies of European gas from projects such as Viura and Selva.

We reiterate our Buy recommendation and target price of 20p/sh..

One-Year Charts



NOTE: #Indicates VSA house stock.

SOURCE: FactSet, as of last close.

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Stock Information

Stock	BBG Ticker	Exchange	Currency	Market Cap (Curr m)	Last Close (Curr)	Rec	TP	Date of Recommendation
Prospex Energy	PXEN	LSE AIM	(£/p)	27	6.95	BUY	20	28/8/24

NOTE: #VSA house stock. **SOURCE:** Eikon data, VSA Capital estimates. Pricing as of last close.

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Equities breakdown: 27/11/24	BUY	SPEC BUY	HOLD	SELL
Overall equities coverage	91%	9%	0%	0%
Companies to which VSA has supplied investment banking services	100%	100%	n/a	n/a