

27 January 2025

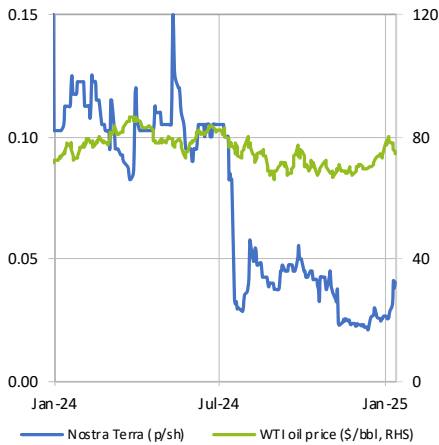
Stock Data

Ticker	NTOG LN
Share Price:	0.038p
Market Cap:	£1.8m

Company description

Nostra Terra is an Aim-listed E&P focused on near-term organic production and cash flow growth from the Pine Mills conventional oil field in East Texas, onshore USA.

Price Chart



Targeting near-term output growth

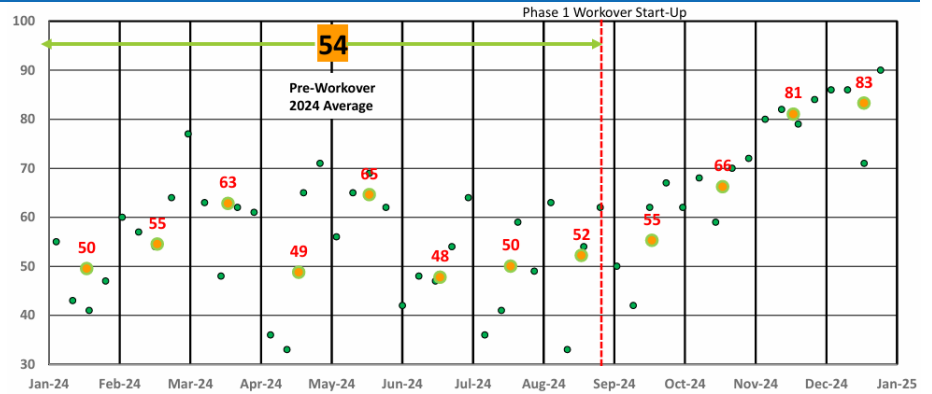
Nostra Terra has sustained the Phase 1 production boost and now commenced the Phase 2 well workover programme, which targets adding over 50b/d of additional net production from its flagship Pine Mills Field in Texas, onshore USA.

After the introduction of a new management team in May 2024, the Company is investing to return multiple idle wells to production and should receive a further boost to volumes following the restart of a waterflood programme.

Phase 1 increase in production and cash flow sustained

Based on the recently updated presentation ([link](#)), Nostra Terra increased average 4Q24 oil production by ~50% q/q to 77b/d at the flagship Pine Mills Field (100% WI). The Company's low-cost, quick-cycle Phase 1 workover programme has resulted in a 60% increase to over 80b/d from the Pine Mills Field, which is also expected to benefit from the restart of the enhanced oil recovery waterflood project. In combination with the two high performance wells at the Fouke Field (32.5% WI) that are currently producing ~100b/d gross the Company's volumes are currently averaging 120b/d net, which generates positive cash flow at both the operating and corporate level.

Pine Mills 2024 production history (average monthly b/d)



Source: Company presentation

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Phase 1 also saw restart of waterflood programme and infrastructure upgrades

As part of Phase 1, the waterflood programme was restarted in the northern section of the field last September, which has increased the reservoir pressure back to pre-shut-in levels. The full benefit of the waterflood restart is normally seen about six months after continuous injection and three previously shut-in wells were restarted this month, which is anticipated to lead to further increases of 15-30b/d in 1Q25. The Phase 1 work plan also upgraded lease roads, power supply, and well access, which has enabled the low-risk Phase 2 workover programme to start-up straight away.

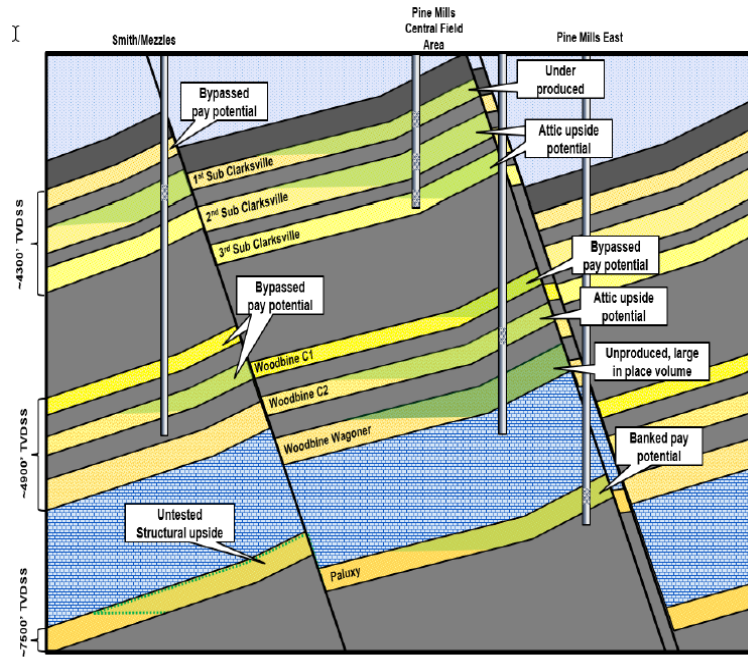
Phase 2 workover programme to boost volumes further has commenced

Nostra Terra raised £500k from investors in November to accelerate the second phase of the Pine Mills workover programme, which commenced in late December using the same drilling team as Phase 1 and has already returned the first well to production. The rig has moved on to the second well location as part of a workover programme that targets uncompleted oil-bearing reservoir zones in existing wells on the Pine Mills Field. The well workovers in early 2025 are expected to deliver double the production rates achieved by the Phase 1 workover programme and target the potential addition of 54b/d in aggregate production from reactivating five idle wells on the field.

Both Pine Mills and Fouke fields contain significant upside potential

The Pine Mills Field has been developed to date using a simplified geological model based on legacy 2D seismic, with wells being drilled to the West of a large N-S fault to target the Sub-Clarksville, Woodbine and Paluxy horizons. The recent acquisition of 3D seismic has enabled Nostra Terra to map a slightly more complex faulted structure and identify attic oil that has been bypassed by the existing wells. The Company plans to target additional production potential through infill drilling and recompletion of existing wells. Recently completed technical work in the surrounding area has also identified the Fouke 3 structure, which is drill-ready and expected to contain 200kb of proven undeveloped oil (PUD) in the sub-Clarksville reservoir.

Schematic showing up-dip development potential at Pine Mills Field

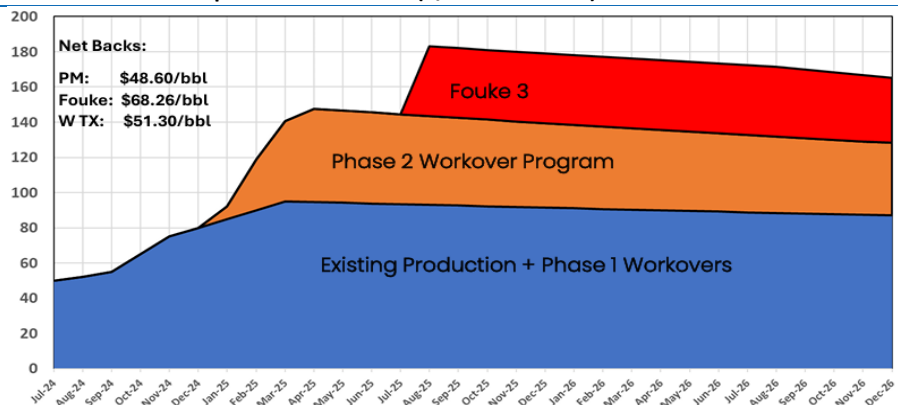


Source: Company presentation

Management team focused on rebuilding its credibility and closing valuation divergence

Following the Phase 1 programme, an independent reserve report estimated a \$9.8m NPV10 for the existing production base with the Pine Mills volumes generating netbacks of almost \$50/bbl on WTI prices of \$75/bbl. Completion of the Phase 2 workover programme is expected to increase production by over 60% resulting in higher revenues on a largely fixed cost base. The proposed Fouke 3 well planned for later this year is also expected, on success, to result in an effective doubling of current production rates and significant cash flow growth, which should help to further enhance the credibility of the new management team ([webcast](#)) and narrow the significant discount between the market capitalisation and the NPV10 reserves valuation.

Pine Mills & Fouke fields production forecast (b/d net to NTOG)



Source: Company presentation

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