

Echo Energy PLC

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Echo Energy says considering increasing oil production after Argentinian government decree sets fixed crude price

Echo Energy PLC (LON:ECHO) shares soared higher after it said it is assessing the positive effect of a decree signed by the Argentinian government on Tuesday which sets a fixed reference price of US\$45 per barrel for Argentine standard crude upon its Santa Cruz Sur assets, including the prospect of increasing oil production.

In a statement, the Latin American focused upstream oil and gas company noted that in order to support and promote the local hydrocarbon industry, the government of Argentina signed and published the decree on May 19, which, amongst other matters, set the fixed Neuquén Medanita crude reference price, subject to standard local quality discounts.

READ: Echo Energy emphasises gas production in Argentina as it eyes seasonal prices

The company pointed out that the fixed reference price is significantly above current international prices and provides potential support for local producers such as Echo to increase cash flows in the current climate.

The legislation is effective immediately and will last until the earliest of either December 31, 2020, or until such point the ICE Brent crude price exceeds US\$45 per barrel for more than ten consecutive days, Echo noted, with the price also subject to periodic review. Brent crude is currently trading at \$34.95 a barrel on ICE.

Furthermore, mandatory requirements have been set, subject to demand, for refiners to pay producers on a fixed price basis and refiners are prohibited from importing crude oil from abroad, providing that certain terms and conditions are met which include supporting local demand, the group added.

The company said, In light of these positive events, it is considering the prospect of increasing oil production at its Santa Cruz Sur assets and added that further announcements will be made, as appropriate in due course.

Echo Energy shares soared higher in late trading in London on Tuesday, up 31% to 0.62p.

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Price: 0.75

Market Cap: £5.34 m

1 Year Share Price Graph



Share Information

Code: ECHO

Listing: AIM

52 week High Low
4.125 0.175

Sector: Oil & Gas

Website: www.echoenergyplc.com

Company Synopsis:

Echo Energy PLC is a London listed Latin American-focused mid-cap gas company in the making. The company is pursuing a high value piped onshore gas strategy across South and Central America, which commences with a multi tcf (trillion cubic feet) potential exploration portfolio.

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