

Scottish independent Parkmead reports record year-end results

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Bumper oil and gas prices more than tripled Parkmead's revenues during the year to the end of June

Upstream energy group Parkmead recorded record profits for the year to the end of June as bumper oil and gas prices drove revenues to an all-time high.

The group, headed by North Sea veteran Tom Cross, got a significant boost from last year's move to double its interest in the Grolloo, Geesbrug and Brakel onshore gas fields in the Netherlands to 15 per cent. It further benefitted from February's £3.3 million acquisition of the Kempstone Hill wind farm near Stonehaven, which "immediately" lifted revenues.

All told, revenues for the year more than tripled to £12.1m, with pre-tax profits coming in at a record £4m. The group made a loss of £13.4m in the previous year.

Since the end of June, Parkmead has also received the go-ahead for drilling at its much-anticipated Skerryvore field in the UK North Sea. In addition, the Aberdeen-based company has upped its share in the project from 30% to 50% after NEO Energy, which previously had a 30% stake in the area, left the project with a third of its holding going to CalEnergy and the rest to Parkmead.

Shares in the company closed yesterday's trading 9.4p lower at 58p but Mr Cross was nonetheless "delighted" with what he described as an "excellent year of progress".

"The innovative royalty deal which we completed last summer is proving to be highly advantageous and is adding considerable value," he said. "Parkmead is 100% unhedged and is benefitting from these additional gas sales at higher prices."

He added that the group is continuing to evaluate further acquisitions that would enhance the existing business.

“We have excellent UK and Netherlands regional expertise, strong financial discipline, and a growing portfolio of high-quality assets,” Mr Cross said. “The group will continue to build upon the inherent value in its existing interests with a balanced, acquisition-led growth strategy to secure opportunities that maximise future value for our shareholders.”

The group had proven and probable reserves of 45.5 million barrels of oil equivalent (mmboe) at the end of September, identical to a year earlier. However, Skerryvore is thought to contain up to 157 mmboe within its two main exploration areas.

Meanwhile, a farm-out process for the Greater Perth Area (GPA) in the Central North Sea was formally launched in September.

Parkmead has a 100% interest in the GPA, which is one of the North Sea’s largest undeveloped projects. The GPA’s core Perth field is believed to hold about 55 mmboe, and the wider project has the potential to deliver between 75 and 130 mmboe.

The group is also ahead of schedule on its latest drilling campaign in the Netherlands, which comprises to LDS wells at the existing Diever site. Spudding of these wells is expected “imminently”, targeting a combined 37.2 billion cubic feet of gas within the Rotliegendes reservoirs.

North Sea operators are being pushed to increase oil and gas flows to combat shortages created by disruptions from the Russian invasion of Ukraine. The UK’s Energy Profits Levy – the “windfall tax” that is due to increase from 25% to 35% in January – includes investment allowances of up to 91% to encourage new developments in the UK North Sea.

Parkmead said this arrangement creates a “powerful investment incentive for major producers” to go after fresh reserves.

On the renewables front, the group is assessing further opportunities to enhance the Kempstone Hill wind farm. Options include the addition of solar power generation, and the expansion of sales of electricity to local industrial users.

Kempstone generated 2,850 MWh during the year, enough to power up to 1,000 homes. It has a new power purchase agreement that began in August and is expected to result in a “substantial increase” in cashflow.