

Parkmead predicts record gas profits with new drilling ahead of schedule

7th July



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Parkmead

Dutch gas assets owned by Scottish energy group Parkmead generated record revenues during the year to the end of June as surging fuel prices boosted returns on increased production.

The Aberdeen-headquartered company secured additional volumes last year in a royalty deal with Vermillion Energy that raised its financial interest in the onshore Drenthe IV, Drenthe V and Andel Va licences from 7.5 to 15 per cent. As a result Parkmead's Dutch portfolio is on course to generate revenues of more than €14.5 million (£12.4m), ahead of previous expectations.

In its trading update the company also noted that it is ahead of schedule on its latest drilling campaign in the Netherlands, which comprises two LDS wells at the existing Diever site. The wells will target a combined 37.2 billion cubic feet of gas within the Rotliegendes reservoirs, which should result in "significant" additional revenue and cash flow.

Parkmead said it expects to receive a drilling rig for the two wells early in the fourth quarter of this year, ahead of its previous schedule outline.

Headed by executive chairman Tom Cross, who was previously in charge of Dana Petroleum, Parkmead like other energy companies has enjoyed a huge boost amid surging wholesale prices. The cost of gas rose from €25 per megawatt hour (MWh) in June of last year to €160 as of March, and currently remains around €100/MWh.

The company said average gross profit per barrel of oil equivalent (boe) was approximately \$120 during the year to the end of June, with a field operating cost of just \$8.60 per boe. Average gross production across the Dutch portfolio was 21.8 million cubic feet per day, equal to roughly 3,750 boe per day.

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The company expects prices to remain higher over the medium-term with continuing constraints of gas supplies across Europe. For that reason it remains 100% unhedged, meaning there are no contractual limits on its exposure to the upside of higher prices.