

Former Tullow Execs Team Up For New African Oil Venture

by Kieran Ball

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Five former directors from FTSE 100 (INDEXFTSE:UKX) oil producer Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) have teamed up to float a new oil and gas venture in [Senegal](#). Led by Pat Plunkett, who chaired Tullow for 12 years, T5 Oil & Gas plan to list on AIM in London this autumn.



Lack of experience won't be an issue for this management team

Gerry Sheehan, Matt O'Donoghue, Andrew Windham and Steve McTiernan, all former directors at Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF), join Plunkett at T5. The firm is already in the process of acquiring a license held by Blackstairs Energy, a company founded by Sheehan, and has plans to target other [African exploration](#) rights.

Funding for an initial €5m investment targeting exploration in Senegal is being organised by Dublin finance house, Raglan Capital, a firm with considerable experience in the sector. Raglan previously formed and floated Fastnet Oil & Gas PLC ([LON:FAST](#)) and is likely to take a sizable stake in T5 also.

Tullow Oil's big plans in the pipeline

Gerry Sheehan, who was with Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) from the start of its operations in Senegal in 1987 until 2006, told ValueWalk that the initial funding initiative had been successful with strong interest from Irish, UK and overseas investors. The funding will close at the end of January:

“The corporate development strategy includes an early stage listing on the AIM market of the London Stock Exchange. The outline schedule for this is late 2014 or early 2015, subject, of course, to prevailing market conditions. A stock market listing facilitates liquidity for shareholders and access to the significant capital required to sustain T5's growth and asset diversification strategy.”

With such an experienced team on board, it's not impossible to see T5 repeating the success Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) has had in Africa in the past.

“The new company will focus initially on Africa where we will make use of our collective in-depth technical and commercial knowledge and extensive network of contacts throughout the continent.”

Securing overlooked opportunities

Indeed, T5 has already acquired a starter project – the 27,000 sq km onshore Louga Licence in northern Senegal. Sheehan says that Palaeozoic-age formations seen in this



area are hugely similar to prolific oil and gas producing grounds in North Africa, but have been largely overlooked as an exploration target in sub-Saharan Africa.

“We see significant potential for this play in Senegal and, of course, the entire region has a serious energy deficit, thus ensuring a ready market for any new oil or gas finds.”

Clearly, the group already knows what to expect in Africa. An onshore exploration license in Senegal was also the first international project for Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) back in the eighties. What other plans does the company have for the future?

“T5 will focus on Africa and will strive to assemble a diversified portfolio of high potential exploration projects, balanced with lower risk appraisal/development projects. We also aim to gain a foothold in a producing field asset. Our strategy is two-fold: expand the asset base through organic exploration projects, i.e., by participation in licensing rounds, open-door approaches to governments, etcetera, and also via the direct acquisition of assets.”

Not all energy exploration companies have performed as well as Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) in Africa.

Sheehan believes that T5’s considerable experience means the firm can benefit from other companies failings.

“The adverse financial conditions prevailing in the exploration sector over the last five years has created opportunities to acquire assets from financially distressed companies. Therefore, from the outset, T5 has a clear and simple growth strategy. We would, of course, be delighted to emulate the successes of Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF) in Africa.”

Can T5 strike it rich?

Plunkett was Tullow Oil plc ([LON:TLW](#)) (OTCMKTS:TUWLF)’s chairman in 2000, where he was instrumental in turning around the fortunes of the small North Sea oil producer, then valued at about £275m, into the largest owner of [exploration acreage](#) in Africa. Tullow now has a market cap of £7.9bn and has interests in 25 countries. Add in the expertise and insights brought to the table by his new associates, and T5 (an abbreviation for ‘Tullow Five’) clearly has huge potential to replicate Tullow’s success story.