

Range Resources' executive director, Anthony Eastman, speaks to Stockopedia News about the Oil & Gas Group

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Anthony Eastman, Executive Director, Range Resources

Anthony Eastman seems slightly taken aback by the huge volumes of shares changing hands between investors in his company. For the executive director of AIM and ASX listed oil and gas group [Range Resources](#) (LON:RRL) (ASX:RRS), trading in London since the start of 2010 has been “phenomenal”. The dramatic rise in investor interest was sparked by a remarkable six months last year when Range – once exposed to just a single, albeit exciting, exploration play in the Puntland region of Somalia – got its hands on acreage in the safer haven of Texas, US. By the turn of the year, that interest had turned into a 25% stake in a production well – and there was more to follow.

For Eastman, and Range’s chief executive Peter Landau, spreading risk and diversifying operations have been top priorities alongside efforts to get drilling underway in Puntland. In Texas, the company now holds stakes in the Smith #1 and Russell Bevely wells on the North Chapman Ranch and in June acquired a 13.56% stake in the East Texas Cotton Valley prospect. A recent independent valuation of North Chapman by Lonquist & Co estimated that total gross commercially recoverable reserves stood at 215 billion cubic feet (bcf) of natural gas (with 45bcf attributable to Range); 15.9m barrels of oil (3.3m barrels attributable to Range) and 15.5m barrels of natural gas liquids (3.2m barrels attributable to Range). A similar valuation of the East Texas Cotton Valley prospect estimates that total gross

commercially recoverable reserves stand at 5.4m barrels of oil, with 0.7m barrels attributable to Range. Multi-well development programmes are currently being planned for both projects. Elsewhere, the company also holds interests in the Caucasus state of Georgia, where seismic surveying was recently completed and possible well locations are currently being identified.

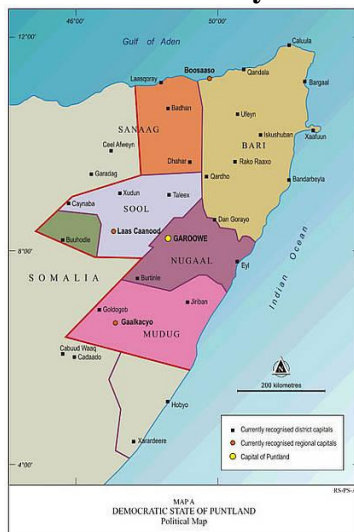
This week, Range made its latest acquisition, with a deal to take a 10% stake in companies that hold licences over production fields onshore Trinidad. The company described the move as the last of its ‘pre Puntland drilling’ strategic plays and reckons it can take daily production there from 700 barrels of oil to 3,500 barrels over the next three years.

Anthony Eastman spoke to Stockopedia News about Range’s plans in Puntland, Texas, Georgia and Trinidad and why he thinks the company’s strategy has won over investors.

Before we talk about Range Resources, can you tell us about yourself and your background?

Well I’m a chartered accountant by background; I joined Ernst & Young Australia in May 2002 and later transferred to Aberdeen in Scotland for two years. From there I moved down to an oil and gas company in London, CalEnergy Gas, which was a subsidiary of the Berkshire Hathaway conglomerate and they relocated me back to Perth back in 2006. Just over two years ago, I started working with Peter Landau and his consulting company OKAP Ventures, which provides corporate compliance, capital raising and non-operational advice to a number of listed companies, with Range being one of them.

Puntland has always been the main focus for Range. How did that come about?



Range has been around for quite some time, it did have some nickel tenements in Western Australia some years ago. Back in 2004, the Tsunami that hit Indonesia also caused some damage over on the eastern coast of Somalia. There were some charity groups in Western Australia who went over and did some aid work on the coast over there and they got chatting to the government, which said ‘we really want foreign investment to try and realise some value in our natural resources’. They came back to Australia and said ‘we’re looking for a vehicle to put something into’ and Range Resources was there, which was when Peter Landau got involved. He secured the onshore/offshore mineral and hydrocarbon rights to Puntland back in 2005. Subsequent to that he looked to attract a joint venture partner to come in on the onshore, which is where Africa Oil (TSX:AOI) stepped in and they took 80% of the two onshore licences. We had all the mineral rights onshore but the

bigger picture was the hydrocarbons, so we relinquished them back to the government. Africa Oil, the operator, has been trying to get the first well drilled onshore Puntland in 16 years. Back in January 2009 there was a change in the government in Puntland and whereas in a Western country all the agreements you have with the government survive changes, in Puntland we had to go and renegotiate the PSA (production sharing agreement). Those negotiations concluded successfully in December but it put all operations back about a year. Since then, Africa Oil have gone full steam ahead to try and get the drill rig on site by the end of the year.

Are those drilling plans still on track?

Yes, at this stage, but it is never 100% certain given where we're operating. If it was that easy I think it would have been done quite a while ago by other people. But Africa Oil (CVE:AOI) and the management they've got onboard there have been very successful in other areas. They took Tanganyika Oil Company, which was in Egypt and Syria, from a size similar to what Africa Oil is now and sold it to Sinopec for \$1.5bn. They hope to replicate that model with Africa Oil and we'd like to piggyback on their expertise.

They farmed out some of their interest to Lion Energy (TSX:LIO) last year, and also another bit to an Australian listed entity, Red Emperor Resources (ASX:RMP), which only occurred about a month ago. So that has given the green light for Africa Oil to get all the tender documents to drilling companies and get them signed up and look to mobilise in the coming months. We'll target to spud around November.

If that all goes ahead how do you see the work programme progressing?

Well they're looking to do one well on the Dharoor block and they have already identified a potential target of over 300m barrels. At the moment the plan is to get one well drilled and see how it goes and go from there. They're hoping to do another well either in Dharoor soon thereafter or in the Nugaal Valley, but the priority at the moment is just to get that first well drilled.

What is your feeling on political and social stability in Puntland and how that might influence things?

We have got a very good relationship with the government, which we had to build following the change in government. It did take some time but we've got a very good and constructive relationship with the current government. They have played their part in renegotiating the PSA and, as Africa Oil are more on the ground in the country at the moment as they prepare the logistics, so far things have been going okay, albeit a little bit slower than expected but no major problems at all.

Overall, how do you rate the importance of these licences to Range? There seems to be a feeling that this could be a real company maker.