Parkmead offers crude value

North Sea oil firm is a good recovery candidate if wider sentiment improves

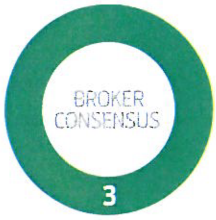
TOM SIEBER

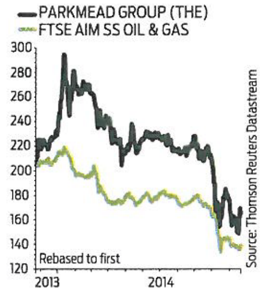
INVESTORS ON THE hunt for value in the bombed-out oil sector could take a look at North Sea-focused **Parkmead (PMG:AIM)** at 166.1p.

The shares have lost nearly a quarter of their value amid the slide in oil prices which has seen the European benchmark Brent dive from summer highs above $115 a barrel to less than $80 a barrel. Parkmead's operational progress was reflected in a maiden full-year pre-tax profit (21 Nov) of £1.04 million for the 12 months to 30 June.

Based on an assumed oil price of $85 a barrel house broker Charles Stanley estimates the group's portfolio of assets is worth 347p – boosted by a successful outcome (11 Nov) from the 28th offshore licensing round in the UK. As such the company should be a beneficiary of any pick up in sentiment towards the wider exploration and production space. It also promises internally-driven catalysts which can unlock the value on offer.

Key among these is an exploration well targeting the 122 million barrel Skerryvore prospect in the second quarter of 2015.





Progress is being made on the main Perth Dolphin Lowlander hub development with partners including **Faroe Petroleum (FPM:AIM)**. Executive chairman Tom Cross founded, led and then sold Dana Petroleum to the Korean National Oil Corporation for £1.9 billion in September 2010 and has consistently reiterated his ambition for Parkmead to be an accelerated version of Dana.

SHARES SAYS: ▲▼

Like the consensus we are positive at 166.1p