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Finavera plans €10m gas studies

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Finavera, the exploration firm awarded two licences to search for gas in the northwest of Ireland last week, is looking to raise €10m to pay for expensive seismic studies in the area.

This would be the last round of pre-funding before a likely flotation of the company on AIM and IEX as early as the third quarter of next year.

Goodbody Corporate Finance has been appointed as an adviser for the company. The site consists of 14 wells, which straddle the border counties of Cavan, Leitrim and Fermanagh. The licences for the area in the republic were granted by Noel Dempsey, the minister for communications, marine and natural Resources. A neighbouring licence for Northern Ireland was awarded last year.

Exploration of the area began in the 1960s, when American group Marathon Oil was looking for oil — only to be disappointed by finding gas.

Aran Energy — now part of Statoil — took another look at the region in the 1980s and concluded that drilling would be uneconomical.

“After acquiring licence options for the area early last year and working with Schlumberger Oilfield Services, we believe gas can be recovered economically by applying horizontal drilling technology,” said Tom Davitt, the chief operating officer of Finavera.

Davitt said the company will be targeting a flotation towards the end of next summer to raise capital to fund drilling.