INCREASED production at its Jubilee Field in Ghana combined with higher commodity prices have driven up Tullow Oil's interim pre-tax profit to $540 million in the six months to June 30, 2011. The impressive result is a 321 per cent jump from the year-earlier period, beating a consensus forecast of $509 million from a company-supplied poll of analysts.

The oil company yesterday reported record revenue of more than $1billion for the first half, prompting Tullow to double its in¬terim dividend to four pence per share to reflect the fundamental change in its finances brought about by bringing Jubilee onstream. Royal Bank of Scotland analyst Phil Corbett called Tullow's update "broadly positive". "Although no consensus dividend estimate was available, we feel that the divi¬dend hike may be ahead of expectations," he said.

Shares in Tullow, which have slumped 27 per cent in the last month, lagging Britain's bluechip index by around 14 per cent, rose by 3.6 per cent, or 34p, to 9801/2p in early London trading, making it one of the top FTSE risers. Richard Griffith, an analyst at Evolution Securities, said that Tullow shares "remain one of our top sector picks", and reiterated his "buy" recommendation.

Tullow also said that it expects next month to finalise a much anticipated $2.9bil¬lion deal to bring in CNOOC of China and Total of France to develop Uganda's oil reserves in the Lake Albert basin. "We continue to make good progress with production plans in both Ghana and down to CNOOC and Total have been frustrating, we now expect completion in September," said Aidan Heavey, Tullow chief executive.

"We have delivered a strong performance and achieved record results in the first half allowing us to double the dividend." With the Uganda deal close to finalisation, investor focus has switched to Tullow's exploration prospects, with the company currently drilling two wells in French Guiana and Liberia. "Tullow's exploration push over the next 12 months looks unparalleled. The scale and diversity of the campaign of¬fers materiality and transformational po¬tential for Tullow," said Bank of America Merrill Lynch analyst Alejandro Demichelis.

Off the coast of West Africa Tullow have interests in 10 blocks across Sierra Leone, Liberia, Ivory Coast and Ghana. And in May, Tullow broadened its North Sea portfolio by snapping up Nuon Exploration North Sea oil and Gas Company, for €300m. The company's exploration director Angus McCoss said in a telephone inter¬view that the French Guiana and Liberia wells were the most important Tullow had drilled since it made the first discov¬ery at what is now its Jubilee field in 2007.

"There's a potential in (French) Guiana to open up a trend which could be bigger than Ghana," he said, adding that the results of both wells, called Zaedyus and Montserrado, were expected in the next two to three weeks. Tullow however, revised down its full-year oil production guidance from 90 000-94 000 barrels of oil per day.