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HD **Origin farms into Cooper Basin**
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Australian gas producer Origin **Energy** has agreed to farm into two gas-prone areas in the highly prospective Cooper Basin in Central Australia.

Under the agreement, Origin will acquire an initial 40% **stake** in parts of exploration concessions PEL 516 and PEL 115, known as Area A, and a 30% **stake** in parts of PEL 514, known as Area **B**, with an option to later increase its working interest in both areas by another 10% and become operator.

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Independent exploration **company** Senex is operator with a 100% working interest in Area A and an 80% interest in Area **B** where its partner is Sydney-based independent Planet Gas.

Area A covers two areas south and east of the gas and **oil** processing center of Moomba, while Area **B** lies north of the hub.

Origin will invest an initial A\$97 (\$87) **million** on exploration on the blocks and a further A\$72 **million** if it exercises its option. Senex will initially remain operator of the two areas, which cover some 1,900 sq km.

Senex will retain operatorship of the permits during the two-stage work program, with Origin having the option to become operator thereafter. The Area **B** farm-out is restricted to the concession's deeper gas-prone structures. Senex will retain its interest in the **oil**-prone shallows.

The joint venture's spending could total A\$252 **million**, with Senex's share 100% free carried up to A\$185 **million** on the agreed initial two-stage work program and Senex, Origin and Planet having the option to contribute an additional A\$67 **million** on a participating interest basis if an additional work program is approved.

The two companies said they expect the **transaction** to close by end June.

Origin, together with joint venture partners ConocoPhillips and **China's** Sinopec, is developing Australia Pacific LNG, one of three LNG export projects being built on Curtis **Island** off the port of Gladstone in Queensland, eastern Australia. Gas demand for the projects, plus delays to coalbed methane exploration and production in eastern Australia, have seen the three projects' developers look further afield for supplies.

Origin said its \$22.3 **billion**, 9 **million** mt/year APLNG project was 60% complete and on track to deliver its first cargo in mid-2015.

"We are pleased to be working with Senex **Energy** given its proven track record operating in one of Australia's largest onshore hydrocarbon provinces," Origin's upstream CEO Paul Zealand said February 24.

Senex managing director Ian Davies said: "Origin is a natural partner for Senex to accelerate commercialization of a potentially massive gas resource."

Separately, Brisbane-based Senex announced its financial results for the six months to December 31, the first half of its 2014 financial year. The **company** said its net half-year production fell 1.5% year on year to 650,000 barrels, equivalent to about 3,550 **b/d**. "We expect production to increase in the remainder of FY14 following drilling success across our high margin Cooper-Eromanga **oil** fields," Davies said.

Untapped resources

The Origin-Senex deal is the latest in a growing list focusing on the Cooper Basin's largely untapped unconventional hydrocarbon resources.

Consultancy RISC has estimated Australia's unrisks tight gas and shale gas resource potential could be around 230 Tcf, including 44 Tcf in the Cooper and partially overlapping Eromanga Basin.

Last year the CEO of Real **Energy**, Scott Brown, said he estimated the basin holds more than 100 Tcf of unconventional gas and admitted he was preparing the **company** to be taken over.

In 2012, Bernstein Research wrote: "While it remains too early to tell who will be the winners in the race for Australian shale, we favor E&P [companies] with exposure to the Cooper Basin."

In mid-2011, BG's Australian subsidiary QGC formed a joint venture with Australia's Drillsearch to explore for shale and tight gas in Cooper Basin.

Santos, which operates the Moomba **oil** and gas processing facility, produced Australia's first **commercial** shale gas at its Moomba-191 field in late 2012.

But Senex is the basin's largest operator by area, with almost 11,000 sq km under its operatorship.

Other recent Cooper basin deals include last month's farm-in by New Standard **Energy** to Ambassador **Oil** & Gas' Cooper Basin exploration permit PEL 570. In December 2013 US shale pioneer Magnum Hunter Resources became New Standard's largest shareholder.

James Bourne

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