

A French Affair

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AUSTRALIAN juniors Gippsland Offshore Petroleum (GOP) and Gas2Grid (G2G) are planning to extend their respective overseas ventures to Western Europe late this year, pending the outcome of a 50:50 joint exploration licence application in the Aquitaine Basin of southern France.



The duo has applied for a substantial vacant area to the northeast of the regional centre of Pau where two of France's largest gas fields – Lacq with 9 trillion cubic feet and Meillon with 3Tcf – have been producing since the 1950s and 1960s, respectively, and still contribute around 70% of the country's total annual gas production.

First thoughts of France generally revolve around wine, cheese and gourmet cooking, so the country as a petroleum province is not on the radar for many outsiders. But GOP and G2G have been planning the move for some time.

The two companies, which have already stepped out of Australia on separate projects (GOP in Jamaica and G2G in the Philippines), came together last year in a study group to look at the petroleum potential in continental Europe.

In particular, they sought opportunities in onshore OECD countries that have been passed over by earlier exploration work. The focus is on good hydrocarbon prospects with obvious commercialisation opportunities where there are favourable tax regimes.

The Aquitaine Basin fulfils all those criteria.

Apart from the Lacq and Meillon fields, the basin also contains the Parentis oil field further to the north discovered by Exxon in 1954, which has already produced over 200 million barrels and (now owned by Canadian company Vermilion) is still flowing at 2800 barrels per day.

With more than 400 wells drilled and some 20 other oil and gas discoveries made in the basin, the petroleum status is beyond doubt.

As G2G executive director David King points out, the region was an early "playground" of the former French oil major, Elf Aquitaine, now absorbed into TotalFina.

"The important thing for us," he said, "is that most of the work so far has been concentrated close to the large fields. By comparison, very little exploration has been carried out around the fringes of the basin and virtually nothing in the last 15 years or so.

"In the area we have applied for there are some wells and several thousands of kilometres of seismic. But all of that data was acquired between the late 1930s and the late 1980s. There's been no activity since."

GOP managing director Cath Norman adds a note in favour of the French fiscal regime.

"It's very good," she said. "There is no royalty sharing or production sharing. Rather, the system involves a simple 30% corporate tax on profits.

"The other points to make are that gas demand and prices in France are buoyant, and pipeline and other infrastructure facilities are never far away.

"Our application area also includes an underground gas storage facility for gas piped in from Algeria.

"The markets for both oil and gas are well developed so even small discoveries are likely to be commercial."

Nevertheless, the joint venture is coy about revealing the full extent of its plans.

King explains that the permit system in France is an "application any time" process rather than one of regular acreage gazettals.

"The application goes through a number of stages beginning with submission of a detailed work program proposal and a comprehensive plan for environmental matters," he said.

"Notice of the application is then published by the French central government's Mineral and Energy Department to canvass any objections.

"Of course, this also alerts the rest of the industry and often prompts competitors to apply for some or all of the same acreage.

"The application (along with any competing applications) is then assessed by the relevant provincial authority before going back to the central government for a final assessment and decision.

"We have attracted competing bids for some of the application area," he added.

"There's no first come, first served basis. The matter is decided on technical merit, hence we are not keen to advertise our ideas or work program intentions."

Nevertheless, King says it doesn't take an Einstein to guess that the JV will begin by reprocessing the existing seismic and conduct post-mortems on existing wells using modern techniques.

"We are basically looking at Cretaceous-age reservoirs sourced from the Jurassic," he said. "We've already mapped some leads.

"There is a lot of thrusting in the region associated with the Pyrenees Mountains to the south and it's also an area of salt tectonics."

Norman adds that the salt tectonics aspect means high resolution gravity is likely to be an ideal mapping tool.

On that note, one of the features in GOP's armoury is a specialised and trademark-registered aerial gravity survey technique known as Falcon – a BHP Billiton proprietary system brought to GOP via common directors with a company called Gravity Diamonds, which obtained the rights.

"We will be using Falcon in France and we are keen to see if the system can deliver 'look-alike' leads in the brownfield exploration setting," she said.

The GOP-G2G application area is in the foothills of the Pyrenees – a region of gentle hills. Most of it is agricultural land and, Norman confirms, lots of grape vines!

"Preservation of the landscape is obviously very important, but the French are amazingly open to exploration and development.

"The multiple land use aspect is very well managed. You can drive around the area and not realise it is one of the country's more mature hydrocarbon provinces.

"Well heads and other facilities are disguised amongst clumps of trees and there are no signs of production on the landscape."

Having said that, both Norman and King are quick to point out that one of the reasons for making a thorough revision of the existing data at the beginning is to home in on the most likely prospects.

The ongoing program will then target those areas on the ground rather than run willy-nilly across the whole licence.

"We'll use existing access routes where possible," King said. "And of course the Falcon aerial survey work does not impinge at all."

At this stage, there has been no decision about which company will operate the venture. At present the workload has been shared.

There is no exact timetable for the application to run its course through the government assessment process, but King says a year is the usual interlude.

On that basis, GOP and G2G hope to be awarded most, or all, of the application area by the end of this year or early 2007.



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