

Market eyes GOP as next big thing

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THE friendly takeover of **Hardman Resources** by London's **Tullow Oil** has many of Hardman's supporters casting around for a replacement stock.

Hardman made its name by heading off to parts of the world where it could gain access to large parts of hydrocarbon basins that had been spurned by the mainstream industry.

That was the recipe for the Mauritanian oil play that turned tiddler explorer Hardman into the \$1.47 billion oil producer that Tullow is now swallowing.

Finding a local replacement stock is not easy. Most of the juniors chase small oil pools in the Cooper/Eromanga basins or play second fiddle to bigger partners in the offshore Perth Basin and Carnarvon Basin.

There isn't the leverage in those sort of plays for the juniors to have a crack at the big time, as Hardman did when it secured the oil fairway offshore Mauritania and brought Woodside in to make it happen.

That's why the search for a Hardman replacement has led many to run their eye over the Melbourne-based junior, **Gippsland Offshore Petroleum**.

GOP last traded at 17.5¢ a share for a market capitalisation of \$20 million and, at last count, was holding \$8.6 million cash. It came to market in January 2005 after raising \$12 million and was involved in drilling three wells on the margin of the Gippsland Basin that tested for oil migrating from the prolific central deep area to the so-called Northern platform area.

Its entry to the industry was courtesy of its access to **BHP Billiton's** whizz-bang Falcon airborne gravity surveying system, which allows rapid remote measurement of sub-surface rock density.

Falcon threw up structural ideas that were worth chasing, and while there was some technical success with the drilling program, GOP realised there would be little sharemarket joy if it rested on its laurels.

Since then an agreement has been struck with BHP Billiton that allows GOP to seek Falcon-driven opportunities for oil and gas exploration globally.

Any new application of Falcon for oil exploration developed under the agreement will be available for the independent use of either party. BHP Billiton gets the option to buy in to projects GOP generates or it can match any farm-in proposal that GOP receives.

It has been working a treat, with GOP using Falcon's capabilities to secure exploration acreage positions in Jamaica, Kenya and southern France.

Of the three, **Woodside** and its joint-venture partner, **Repsol**, are close to putting Kenya's offshore oil potential to the test in a \$70-million exploration well. Oil explorers don't spend that sort of money unless there's the potential for discoveries of several hundred million barrels.

Woodside confirmed last week the well would be spudded before the end of the year by Chikyu, a Japanese drill ship that can drill in water depths of more than 2000 metres.

Like the Woodside/Hardman joint venture before it, success for the Woodside/Repsol joint venture will mean it will be game on for all of the permit holders in the region.

GOP's entry was through a farm-in deal on Block L-6 in the Lamu Basin with Pancontinental Oil & Gas. Block L-6 straddles the northern coast of Kenya and traditional seismic work has identified four offshore leads. More seismic work is planned, as is the flying of Falcon to enable the offshore understanding to be extrapolated to the onshore area.

But it will be what comes from the Woodside/Repsol drilling that will drive local market interest in GOP's footprint.

GOP's Jamaican play is also expected to interest the local market. GOP doesn't just have the odd permit — it's picked up a big chunk of the Walton Basin offshore Jamaica.

In the first exploration licensing round in the country for more than 20 years, GOP teamed with Perth-based **Finder Exploration** in a successful bid for four exploration blocks covering 11,500 square kilometres in a joint venture with **Petroleum Corporation of Jamaica**.

Ten of the 11 wells previously drilled in the Walton Basin encountered hydrocarbons but the target selection was hampered by poor seismic data quality because of obstruction by sea-floor carbonates. A Falcon survey has been flown and drill targets will be generated by the end of the year.

It's not just the GOP/Finder joint venture that wants to give Jamaica's offshore oil potential a work over. Brazilian giant **Petrobras** said recently it was interested in taking up some acreage. Under its Falcon agreement with GOP, our own giant, BHP Billiton, is already there.

Garimpeiro holds Hardman and BHP Billiton shares.