



Gippsland Offshore goes offshore

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HAVING moved into Jamaica, East Africa and France, Melbourne-based Gippsland Offshore Petroleum is fast becoming anything but the stay-at-home its name suggests. By RICK WILKINSON



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The globetrotting junior has made rapid progress in defining leads and prospects in the Walton Basin offshore Jamaica, ahead of its plans to issue a farm-out package in May.

The company has also taken on its first operating role, completed a 2D seismic program and is currently running a Falcon aerial gravity survey in Kenya's Lamu Basin.

In addition, Gippsland Offshore is assessing other potential projects and prospects in East Africa and awaiting the outcome of a French onshore exploration permit application.

And yes, the company is still involved in the offshore Gippsland Basin, although it has relinquished its onshore Gippsland acreage after two wells last year came up bone dry.

Right now, Jamaica and Kenya are occupying most of managing director Cathy Norman's time and she is enthusiastic about both regions.

"We're well ahead of the game with our five Walton Basin permits off Jamaica," she said.

"The government authorities had to wait about seven months to retrieve some geoscientific data from the US and they declared force majeure on the permits in the meantime.

"The clock stopped ticking for that period, so we are really only just finishing our first permit year."

Not that Gippsland Offshore and its Perth-based 50% joint venture partner, Finder Exploration, have been sitting on their hands during that time.

New 2D seismic was acquired in mid-2006 and a Falcon airborne survey flown in September 2006.

Norman says the company has an exclusive licence to use the Falcon technology, which was developed by BHP Billiton for minerals work and modified for petroleum exploration.

"Falcon is an airborne gravity gradiometry technology that enables high-resolution rock density mapping," she said.

"It accelerates exploration because we can quickly identify and rank targets and move on into a drilling phase."

The results of the 2006 Walton Basin surveys are now being tied in with previous (1970s) well data to build a 3D model of the subsea down to the base of the 3-4km thick limestone sequence that has defied clear definition in the past, according to Norman.

"We can already see about 15 different leads," she said.

"These are big features including reefal traps, tilted fault blocks – one of which is in only 20m of water – and a sea-floor fan in 500m of water that appears to cover 40 square kilometres.

"Our plan now is to firm up four or five strong prospects to put into a farm-out package for release to the industry in May this year. Hopefully we can sign up a farminee by the end of the year."

The company has already had several approaches even though it hasn't yet finished finessing the data, Norman says.

Gippsland Offshore and Finder plan to each put 25% interest in the five permits up for farm-in in return for exploration drilling.

"There's no drilling obligation until Year 5 in each of the permits, so we are well ahead of the game," she said.

The prospects have potential for oil and gas and there are local markets for both.

Turning to Kenya, Norman is not dismayed by the dry hole recently drilled by Woodside in this country's deepwater acreage.

"Woodside is looking for Mauritanian look-alikes and they drilled Pomboo-1 on the ocean side of a prominent Cretaceous ridge," she said.

"There are question marks about the maturity of source rocks there. We are in Block L-6, which is on the landward side of the ridge where there have already been wells that encountered oil and gas shows."

Gippsland Offshore farmed-in to L-6 last year to take a 60% interest and operatorship from Perth company Pancontinental Petroleum in return for \$US1.9 million (\$A2.4 million) worth of seismic and Falcon survey work.

About 30% of the permit area is actually onshore, while the offshore section is in relatively shallow water.

The company finished 200km of 2D seismic in February and is now running a two-week Falcon program. The results will be tied into data from previous wells and to information gleaned from some seeps onshore.

According to Norman, the block has two separate plays – one with Cretaceous rocks as a deep source and the other a Tertiary source closer inshore.

"The structural features appear to be relatively simple fault blocks with a mixture of oil and gas potential," she said.

Gippsland Offshore hopes to delineate drillable prospects over the next few months.

"We have a drilling obligation of two wells over the next four years and we'll need to make a decision about the first of those by August this year," Norman said.

"We may opt to drill the initial well onshore. The coast plain is flat and has good access, so that might be the cheapest way to get a firsthand look at the geology.

"If we drill offshore, we may look at farming out some of our interest beforehand."

Looking at possible markets, Norman says while Kenya has no indigenous production, it is keen to establish itself as a regional oil centre.

A possible outcome of the political turmoil in Sudan immediately to the north is that southern Sudan, which is landlocked, may split with the north. In that case a pipeline from the southern Sudanese oil fields could be built south through to the port of Mombassa in Kenya.

That infrastructure would be of great benefit to any discoveries onshore or offshore Kenya itself.

"We think Kenya has a great deal of untapped potential and we are actively looking for opportunities in other onshore parts of the country, such as the Rift Valley and further west towards the Ugandan border where Hardman [now part of Tullow] has made recent discoveries," Norman said.

Elsewhere, Gippsland Offshore's excursion into France's Aquitaine Basin is on hold at the moment as it waits for French authorities to rule on the company's permit application.

"It's a prolific oil and gas province which we see as low geological risk and where we can use Falcon as a lever to attract farminees," Norman said. "But other applications overlap ours so we must wait until the awards are made."

Back home, last year's Gilbert wildcat in offshore Gippsland permit Vic/P41 was disappointing but there may still be oil potential in the block's southern sector.

"We've only just received the Gilbert well completion report and we'll need to look at that closely before making a new move," Norman said.

Norman admits that overseas prospects and opportunities are centre stage at the moment, but says the company is not rushing into a name change.

"Maybe in time if we can come up with a good, more general Australian connotation," she says. "But it's only here that anyone brings the subject up.

"Overseas no one bothers about the company name. It's the people and their technical and business capabilities that count."

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