

# Oil & Gas Weekly

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**WTI ends week down US\$0.43 at US\$56.23 a barrel; Brent down US\$0.34 at US\$61.68.**

Start of Month	Oil WTI*	Gas (US)**
July 14	105.74	4.41
Jan 15	52.69	3.00
June	60.32	2.64
Sept	44.79	2.65
Dec	41.71	2.21
Jan 16	37.56	2.29
19 Jan	26.19	2.05
March	32.78	1.79
June	49.33	2.17
Sept	43.03	2.95
Dec	51.68	3.46
Jan 17	53.90	3.76
Mar	53.33	2.83
June	47.66	3.00
Sep	47.29	3.07
Dec	58.36	3.06
Jan 18	61.60	2.91
Mar	61.25	2.70
June	65.56	2.91
July	74.25	2.92
Sept	69.80	2.92
Oct	73.25	3.01
Nov	67.59	3.19
Dec	50.93	4.61
Jan 19	46.54	2.96
Feb	55.26	2.73
Mar	55.80	2.87
Apr	60.14	2.66
May	61.94	2.57
June	53.50	2.45
July	58.47	2.31
Aug	55.66	2.12
Sept	55.16	2.29
Oct	52.81	2.35
Nov	56.23	2.70

\*US\$, \*\*MMBtu in US\$.

**US natural gas gains 40 cents to US\$2.70 an MMBtu (H Hub).**

## Oil Prices

A jump in oil prices Friday after the US rig data was released kept the week's losses to a minimum. Friday's US jobs data for October and positive manufacturing data out of China also helped underpin prices. But political uncertainty clouds the outlook

The US economy continues to defy the doomsayers with new hires in October at 128,000 exceeding expectations. The numbers for the previous two months were also revised sharply higher. The jobless rate inched up to 3.6% from 3.5% and wages grew 3% year on year.

On Wall Street the S&P and the NASDAQ soared to new record highs. President Trump tweeted that the economy was the greatest economy the US had ever seen. Not true but his base probably still believes him.

Personal consumption and US government spending continues to underpin growth though at 1.9% the September quarter GDP number was down on the prior quarter's 2.1%. Still the expectation for September had been 1.6%.

Manufacturing in the US remains in decline as business fixed investment slows due to continuing trade tensions with China and the worsening outlook for the global economy. There is no certainty the US and China will sign even the innocuous Phase #1 deal on the table before year end.

During the week the US Federal Reserve cut interest rates (the federal funds rate) for the third time to 1.5% to 1.75%, a quarter point drop. The Fed Chairman's comments accompanying the decision suggested it would take a "material reassessment" of its outlook for the economy for the Fed to consider cutting again.

Analysts saw Friday's jobs numbers as validating the Fed's assessment that the US economy remained "in a good place". If that's so why cut interest rates? More to the point why reinstate quantitative easing and re-inflate the Fed's balance sheet by some \$250 billion over the last two months?

The fact is QE #4 and the US government's huge budget deficits are a significant fiscal stimulus which, with the Fed's accommodative monetary policy, have a lot to do with the US economy managing to keep its head above water.

Inflation in the US ticked up a touch in recent months to above the Federal Reserve's 2% target and that needs to be watched very carefully. Once the inflation genie gets out of the bottle it is very hard to put her back. Federal Reserve Chairman admitted that the Fed would consider raising rates if a significant inflation threat appeared.

The last time the Fed raised interest rates in late 2018 it sent the stock markets into a tailspin. The next time it raises rates has the potential not only to crater the stock market again but to bring down the entire global financial system!

In the meantime, the inquiry into Donald Trump's impeachment moves from behind closed doors into the public arena from next week. Republicans, at least House Republicans, remain solidly behind the President all voting against the House legislation that approved the next stage of the inquiry.

Few expect the Republican controlled Senate to deliver the numbers needed to remove the President but the inquiry and what emerges from it will clearly hurt the Trump Brand going in to 2020. US politics is set to become even more bizarre. As is British politics ahead of the UK election on 12 December.

**US economy grew at 1.9% in the September quarter as activity slows. US Fed provides extra stimulus with interest rate cut and return to quantitative easing.**

**US dollar and Treasuries fall on rate cut, gold and silver rise.**

**Losers edge out winners in a lacklustre week for oil and gas stocks.**

**Blue chips flat.**

**Empire Energy standout winner as investors appreciate the company's NT shale oil and gas potential.**

### *EIA Weekly Petroleum Status Report*

According to data from the **US Energy Information Administration** US oil production was unchanged from last week's 12.6 million barrels a day in the week to 25 October.

US commercial crude oil inventories increased by 5.7 million barrels after last week's 1.7 million barrel draw. At 438.9 million barrels were some 1% above the five-year average for this time of the year. Motor gasoline inventories were down another 3.0 million barrels after last week's 3.1 million barrels fall; distillates fell by 1.0 after a 2.7 million decline last week.

The data was bearish for prices.

Baker Hughes reported Friday that the number of rigs drilling for oil across US oil fields as 1 November fell by another five oil rigs after a decline of 17 rigs in the previous reporting week. There are now 183 fewer oil rigs in US fields than 12 months ago. The number of rigs drilling for gas fell by three. There are 63 fewer gas rig in the field than last year.

### *US Dollar, Treasuries and Gold and Silver*

The US dollar ended the week at 97.12 down from last week's 97.73. You would not expect otherwise with the Fed easing rates.

US Treasuries ended the week with prices up yields down. By Friday the yield on the 2-yr closed at 1.55% down from last week's 1.62%. The 5-yr closed at 1.54% down from 1.62%. The yield on the 10-yr finished the week at 1.71% down from 1.79%. The US 30-yr fell to 2.19% down from the previous week's 2.29%.

The yield curve for the 2-yr and 5-yr was marginally inverted.

Gold, a measure of market sentiment, again reflected the uncertainty in the market and the lower dollar, finishing Friday at US\$1,514 oz up on last week's US \$1,504 oz close. Silver ended s higher at US\$18.11 up on the previous week's US\$18.04 oz.

### *Winners and Losers*

Of the 105 ASX listed oil and gas stocks whose activities we currently follow, nine saw their share prices rise last week, one less winner than a week ago. Two companies' share prices were unchanged, also one less than the previous week.

Eleven companies suffered share price falls, eight fewer losers than last week.

### *Blue Chips*

**Woodside Petroleum** fell from \$32.56 to \$32.46; **Santos** was up from \$8.18 to \$8.19. **Oil Search** edged down from \$7.25 to \$7.19 while **Origin Energy** from \$7.97 to \$7.95.

### *Winners*

**Empire Energy** was up again this week, soaring from \$0.29 to \$0.39 on respectable volume with the big gains on better than average daily volume coming in Tuesday's trading possibly on an upbeat research note.

The company's share price has now doubled since the beginning of October. **Empire** is one of the few ASX listed juniors with extensive exploration tenements in the Beetaloo and McArthur Basins in the Northern Territory, both prospective for enormous reserves of shale gas. The company's 100% owned holdings extend over 14.5 million acres.

Following the 2018 lifting of the NT Government's moratorium on drilling activity in the state, **Origin Energy** and **Santos** have re-commenced exploration and appraisal activity on their extensive Beetaloo Basin assets.

On 9 October **Origin Energy** and partner **Falcon Oil & Gas** commenced drilling the Kyalla 117N2-1 appraisal well in EP 117, a permit on trend with **Empire's** 100% owned EP187. The well is designed to assess hydrocarbon maturity, saturation and reservoir quality and collect data for subsequent horizontal drilling.

**Origin and Santos initiating their NT drilling programs Results should have implications for Empire with tenements adjacent to or on trend with their holdings.**

**Santos** will drill and fracture stimulate up to two horizontal wells targeting the Velkerri Shale in EP 161 early in the 2020 drilling season. **Empire's** EP 187 lies adjacent to the **Santos** permit and the company believes the Velkerri extends into its acreage. **Empire** is currently undertaking a 2D seismic program on Ep 187.

Drilling/appraisal success by **Empire's** neighbours will not only inform the company regarding the execution of its future exploration and development programs. But it will but also make it a target of potential predators looking to gain access to what has the potential to become a major source of gas for both an expanded Northern Territory LNG hub and the east coast gas market.

During the September quarter **Empire** sold its Kansas assets in the US for US\$19.5 million and used the funds to reduce debt from US\$25.4 million to US\$7.5 million. **Empire** also entered a new US\$7.5 million five-year debt facility with Macquarie Bank Limited on improved terms.

**Empire** still has assets in the US in Appalachia (New York and Pennsylvania) and revenue from gas sales will service the debt while the company "considers strategic alternatives for the Appalachia assets over the coming months to maintain its strategic focus on debt reduction and adding value to the Northern Territory assets." Looks like the assets will also eventually be sold.

**Empire** had US\$3.9 million in cash at the end of September. It will pay for the current seismic program from current cash reserves. But it will presumably seek a farm in partner to help fund a future drilling program.

Since taking over as CEO in 2018 Alex Underwood has not set a foot wrong, renewing the Board, tidying up and strengthening the balance sheet and positioning the company to become a major player in the coming NT shale gas boom.

This past week he announced the appointment of former **Elk Petroleum** Chief Operating Officer David Evans as COO of **Empire**.

We see the possibility of the renewed interest in NT shale gas doing for **Empire** what coal seam gas did for **Queensland Gas** and a host of other csg players.

The company has a market cap of some \$90 million at a share price of \$0.39

**Leigh Creek Energy** was higher up from \$0.175 to \$0.22 on stronger than usual average daily volume. The company had \$3.7 million in cash at the end of September and \$3.87 million in drawn loan facilities.

In its September quarterly the company said it was making significant progress on securing a strategic and cornerstone partner for its Leigh Creek In-Situ Gas Project. They are seeking a partner with capital, engineering and operational expertise.

Subscribers will be aware we think the chances of an in-situ gas project getting off the ground at Leigh Creek are remote. The company needs to come up with a quality partner willing to finance and develop the project if it is to convince us that the LCEP has any commercial value.

**Otto Energy a touch higher but CR announcement coming.**

**Otto Energy** was up from 4.3 to 4.6 cents. In its September quarterly released on 31 October the company said, "Finance facility negotiations continued during the quarter with execution due imminently". The company now has 2,446,464,725 shares on issue reflecting numerous past capital raisings and giving the company a current market capitalisation of \$112 million.

#### *Losers*

**Buru Energy's latest operational update raised some questions for the faithful on the Hotcopper Buru thread.**

**Buru Energy** fell from \$0.235 to \$0.21 after releasing an operations update that left some of its supporters on Hotcopper disappointed. The outcome of the Miani #1 exploration well that had so much promise pre-drill now awaits a read out on the oil and gas shows encountered in a 20 metres dolomitised limestone interval at depth.

Supporters were also looking for confirmation that the Ungani #7H well would actually produce oil from the 290 metres of horizontal in the target Ungani Dolomite. We assumed that to be a given, but some punters want to see it spelled out.

<p><b>\$35 million capital raising at \$0.23 bombs Strike Energy shares.</b></p> <p><b>Galilee Energy reports issues with a well at the Glenaras pilot.</b></p> <p><b>Elixir Energy falls as drilling gets underway in Mongolia</b></p>	<p><b>Strike Energy</b> fell from \$0.26 to \$0.225 on the resumption of trading following the completion of a \$30 million placement of new shares at \$0.23 to institutions and sophisticated investors. The Placement shares will begin trading on the ASX on 11 November. A Share Purchase Plan is to follow to raise an additional \$5 million.</p> <p><b>Strike</b> said the funds would be used to drill two appraisal wells at West Erregulla; 3D seismic activities across the Perth Basin; continuation of the Jaws Project pilot test at the company's Southern Cooper Basin Gas Project and general working capital.</p> <p><b>Galilee Energy</b> retreated from \$1.00 to \$0.925 on subdued trading volumes. The company released its September quarter activities statement on Thursday. While the Glenaras CSG Pilot has continued to dewater resulting in increasing gas flow the numbers some 35-40,000 cubic feet a day are not earth shattering to say the least.</p> <p><b>Galilee</b> also reported pump issues with one well on the pilot, the Glenaras 15L which has resulted in a reduction in gas flow rates until such time as a larger capacity downhole pump system is run in hole.</p> <p><b>Elixir Energy</b> fell from 5.0 cents to 4.5 cents as its drilling program progresses on the Nomgon IX PSC CBM lease in Mongolia.</p> <p>On 28 October the company released its latest drilling report. Two chip holes were underway with the first at 583 metres at the time of the report. The company said the drilling target was deeper than originally planned but the intersection of various coal seams had encouraged them to drill the well right through the thick Permian section to basement.</p> <p>Once this has been achieved the well will be logged and the rig moved to drill the first core hole Ugtaal #1.</p>
<p><b>Strike Energy and Warrego Energy announce gas flow of 69 MMscf a day from Kingia Sandstone in the West Erregulla well.</b></p> <p><b>Buru Energy s Miani #1 well drilled to total depth with oil shows in the cuttings.</b></p> <p><b>First lateral drilled at Ungani #7H.</b></p>	<p><i><b>Current Wells - Progress Reports and/or Production Testing</b></i></p> <p><i><b>Domestic</b></i></p> <p><i><b>Strike Energy and Warrego Energy</b></i></p> <p>On 25 October <b>Strike</b> and <b>Warrego</b> announced that a multi-rate flow test of the Kingia Sandstone in the Company's West Erregulla #2 well delivered 69 MMscf of gas a day on a 2-inch choke with 700 psig well head pressure over a two-hour period.</p> <p>The zone being tested had 48 metres of perforations placed across the interval between 4,799 metres and 4,951 metres measured depth. According to <b>Strike</b> production was limited by surface equipment constraints indicating that the reservoir has the capacity to flow at higher rates.</p> <p>We assume the JV will now test the High Cliff Sandstone though again that was not mentioned in last week's media releases. The result obviously augers well for the results of proposed delineation wells in 2020 to fully define the field and the extent of the resource.</p> <p><i><b>Buru Energy</b></i></p> <p>On 29 October <b>Buru</b> released an operations update on the drilling of Miani #1 and Ungani 7H.</p> <p>At the time of the report the Miani #1 exploration well had been deepened to a total depth of 3,006 metres. Elevated mud gas readings and oil shows in cuttings samples were observed over the interval 2,970 metres to 2,990 metres in a section of dolomitised limestone.</p> <p><b>Buru</b> said it would assess the significance of these hydrocarbon indications once logging operations were completed.</p> <p>At the production well Ungani 7H <b>Buru</b> reported the completion of the first horizontal section of some 290 metres in the target Ungani Dolomite. Preparations were underway at report time to drill the planned second lateral of a similar length to the north of the current. <b>Buru</b> is expecting the Ungani 7H and the Ungani 6H wells to double field production.</p>



**Cooper Energy and Beach Energy report gas in Dombey #1 well onshore Otway Basin.**

**Comet Ridge and Vintage Energy complete sidetrack at Albany #1 in the Galilee Basin.**

**Eon NRG installs conductor pipe in preparations for the drilling of its Govt Kaehne well in the Powder River Basin, Wyoming in November.**

**Bass to complete Bunian #5 well at its Tangai-Sukananti KSO in Indonesia for production**

**Winchester Energy spuds fourth well on the Mustang Prospect. Re-enters Thomas Ranch #2 well.**

### *Cooper Energy with Beach Energy*

On 11 September **Cooper Energy** announced the spud of Dombey #1a conventional gas well in PEL 494 in the onshore Otway Basin. **Cooper** has a 30% interest and **Beach**, the operator, has 70%.

The well targeted gas in the Pretty Hill Formation and the Sawpit Sandstone and if these primary targets were to deliver the well was to be drilled deeper to test a secondary target the Lower Sawpit Sandstone. **Cooper** said the well is expected to take 47 days to complete in the event of success.

On 15 October Cooper announced that the well had encountered a gross gas column of 44.5 metres in the target Pretty Hill formation with an estimated net pay thickness of 25 metres. The well has been drilled to 3,384 metres and formation evaluation was ongoing with further testing and analysis required to establish commerciality.

The well was drilled with the assistance of a \$6.9 million of PACE grant from the South Australian government. There was no well update last week.

### *Comet Ridge and Vintage Energy*

On 29 October **Comet** (70%) and **Vintage** (30%) announced that the sidetrack of the Albany #1 well had been completed with strong gas shows from all four thick sandstone packages. The forward plan was to stimulate all four sandstone packages.

### *International*

#### *Eon NRG Limited*

On 25 July **Eon** announced that permitting had been approved to drill the Govt Kaehne 9-29 well in the Powder River Basin. On 11 September, **Eon** announced it had completed the well pad and access road. The rig is expected to be on site by the first week of November and spud soon after. On 14 October **Eon** announced the installation of the conductor pipe and cellar ring in preparation of the drilling rig.

The well will be drilled to 6,300 feet and take approximately 12 days to reach total depth. **Eon** has selected CapStar as the drilling contractor.

As part of the company's strong capital discipline, it is considering offering a portion of its interest in the Govt Kaehne well to industry partners. The company currently has an 87.5% net revenue interest which allows it to sell down a portion of the interest to provide capital for the completion of the well.

#### *Bass Oil Limited*

On 22 October **Bass** announced its Bunian #5 well (**BAS** 55%) in Indonesia which spudded on 24 September had been drilled to total depth after intersecting the targeted two primary reservoirs at the TRM3 and K Sandstones at the same or slightly higher levels than at Bunian #3ST2 the best producing well on the field.

Both zones exhibited oil shows comparable or better than those in the Bunian #3 ST2 well with five metres of net oil pay in each zone.

Oil and gas shows were recorded over secondary targets which have been evaluated with further wireline logging and sampling, quantifying the reservoir potential of these zones for future production.

**Bass** is confident the Bunian #5 well has the potential to double overall production from the Bunian field.

#### *Winchester Energy Limited*

On 16 October **Winchester** provided an update on its operations in the Permian Basin Texas. The company's third successful well on the Mustang Prospect the White Hat 20 #5 well was on pump and continues to clean up currently producing 192 barrels of oil a day and 50 barrels of water. Production is constrained by pump capacity.

**Elixir drilling first chip-hole in Mongolian coal seam gas play.**

On 31 October the company reported that its fourth well on the Mustang Project the White Hat 20 #4 well (WEL 75% WI) had reached total depth of 6,206 metres and wireline logs had been run.

Logs indicate a gross sand thickness of 25 feet in the oil producing Strawn Fry member. The well is to be completed as an oil producer with production casing being run and a testing and fracture stimulation program planned once a frac crew becomes available.

*Elixir Energy*

The first two chip-holes on **Elixir's** Nomgon IX CBM PSC in Mongolia, commenced two weeks ago. The drilling program now includes two to four chip-holes and two firm and fully evaluated core holes. Two rigs will be used.

We still expect punters to move on **Elixir** as drilling gets underway and the company reports the successful intersection of the target coal seams. The seams will be cored and sent for analysis. We expected first results next week but will settle for this coming week!

**An embarrassment of riches in the Perth Basin as two JVs unlock a potential multi Tcf of gas in onshore conventional gas.**

*Perth Basin Gas Potential*

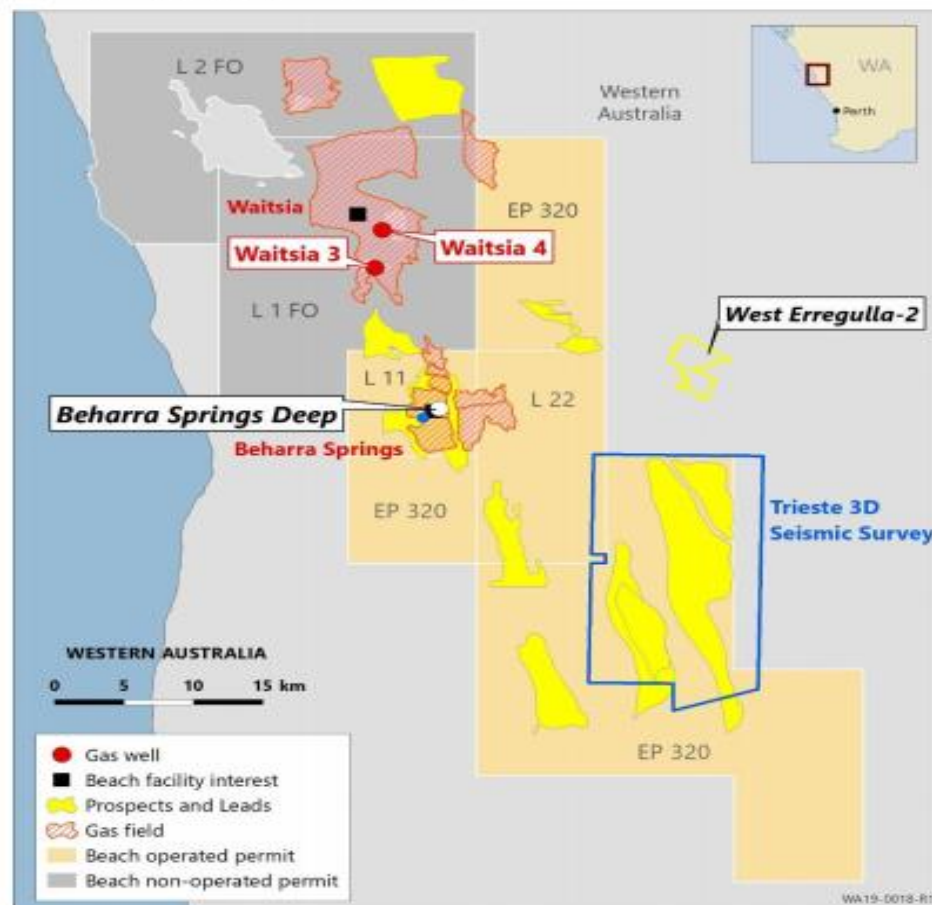
On 28 October **Beach Energy** reported a deep gas discovery in its Beharra Springs Deep #1 exploration well (**Beach** 50%, **Mitsui** 50%). The gas is in the Kingia Sandstone the same producing interval at the Waitsia wells and at West Erregulla #2.

The well will be completed for production testing over coming weeks.

The well was drilled to a total depth of 4,170 metres and intersected a 65-metre-thick reservoir interval.

The Beharra Springs Deep #1 well is located 16 kms south of the Waitsia #4 well and 15 kms south-west of the West Erregulla #2 well (See below).

**Appendix: Beach's Perth Basin interests**



<p><b>The challenge will be finding the appropriate path to commercialisation for a huge new onshore conventional gas resource.</b></p>	<p>The issue now in the Perth Basin is a possible embarrassment of riches, with the <b>Beach/Mitsui</b> and <b>Warrego/Strike</b> JV's having a combined multi Tcf of gas potential in the Kingia Sandstone alone. The problem is what to do with it!</p> <p>It's nice problem to have but it is a question with no quick answers. It is not as though the discovery was on the east coast where the gas would have a ready market and a dramatic impact on prices.</p> <p><b>Strike</b> has listed the possible paths to sales as one, replacing the higher cost gas piped from the north to the Perth metropolitan market; two, providing gas to the resource sector and three feeding new power generation.</p> <p><b>Strike</b> has also suggested its gas find could support a generation of new demand through the building of potential chemical, additional LNG and or manufacturing infrastructure. In industries where gas is used as a feedstock some of those east coast companies feeling the pinch of high east coast prices could be encouraged to move west!</p> <p>All those things are possible but will take time. And as more wells are drilled and the size of the pot becomes even bigger the issue of what to do with the gas becomes an even greater challenge.</p> <p>If it can be produced seriously cheaply and that seems possible, it may well underwrite that West/East gas pipeline that former WA State Premier Colin Barnett has been promoting but not from the North West to Moomba but from the Perth Basin.</p>
<p><b>Fremont Petroleum to drill three wells into shallow Pierre Formation oil targets at Pathfinder in Colorado.</b></p> <p><b>Company needs to get the two recently drilled wells into production as soon as possible.</b></p>	<p><i>Penny Hopefuls</i></p> <p><i>Fremont Petroleum Corporation</i></p> <p>On 29 October <b>Fremont</b> reported that the permitting process was under way for three wells to be drilled on shallower Pierre Formation oil targets on the Florence oil field at Pathfinder, Colorado. The wells are on trend and down dip to an oil well that produced one million barrels.</p> <p>The company's 2019 3D seismic program over some 1,173 acres at its 100% controlled 21,500-acre Pathfinder Field identified up to nine high valued targets.</p> <p>The Pierre Formation oil reservoirs at a depth of 4,000 feet are naturally fractured and low cost to drill and complete. The company hopes to drill two wells before the end of the year.</p> <p><b>Fremont</b> noted that the Pierre Formation had produced more than 16 million barrels of oil from the eastern flank of the field. <b>Fremont</b> is targeting production from the Western flank with interpretation of the seismic showing superior anomalies.</p> <p><b>Fremont's</b> recently completed Amerigo Vespucci well into the Niobrara Formation requires a production permit before it can be brought online. The company hopes to put the well on pump this quarter. The well has been shut in in the interim after a 24 - hour IP test rate of 82 barrels of oil a day and 0.9 MMcf a day or 273 boe/day.</p> <p><b>Fremont's</b> earlier completed well, the J Powell #23-25 IP'd at 220 barrels of oil equivalent (20% oil and 80% gas) and has since also been shut in. The sooner the company can conclude a gas offtake agreement to monetise the gas from the Powell and Vespucci wells the sooner the wells will contribute to cash flow.</p> <p><b>Fremont</b>, the former <b>Austin Exploration</b>, has a long history of drilling at Pathfinder but is yet to hit the jackpot to realise the potential of the Pathfinder field and significantly increases the value of the company's 21,500 acres. The field had been likened to the prolific Wattenberg Field also in the Denver-Julesberg Basin where acreage values are much higher.</p> <p>The company produces some 75 to 80 barrels of oil a day from 25 wells at Pathfinder project and 20 to 25 barrels of oil a day from some 13 wells on its 50/50 JV in Kentucky with a private Australian entity. These are basically stripper wells.</p>

<p><b>Largest shareholder Resilient Investment Group provides US\$6 million Convertible Loan.</b></p> <p><b>A revaluation of Fremont's Pathfinder acreage will free up options for further growth.</b></p>	<p>The company has some 1.67 billion shares on issue reflecting the frequent capital raising it has undertaken to stay afloat. It has a market cap of \$13.5 million at a share price of \$0.008 (that's some A\$630 a Pathfinder acre)</p> <p>Fremont recently received a letter from the ASX querying the company's ability to remain a going concern given its negative free cash flow and dwindling cash balance. <b>Fremont</b> assured the ASX it would be able to raise money as and when needed.</p> <p>That was demonstrated a short time later when the company's largest shareholder <b>Resilient Investment Group</b> provided an up to US\$6 million Convertible Note in early October. The loan is for 12 months with an interest rate of 1.5% a month on the first four months and 2.5% thereafter. At those rates <b>Fremont</b> has an incentive to get its latest wells into production as soon as possible.</p> <p>At the end of the September quarter the company had just \$70,000 in cash!</p> <p>The company runs on the smell of an oily rag. The executives are paid very little in comparison with their junior peers. The path to redemption lies in a revaluation of its Pathfinder acreage so it can flip it to an entity with the cash backing needed to fund the development of the remaining hydrocarbons from an already produced field.</p> <p><b>Fremont</b> doesn't need to be told it needs to get the two recently completed wells into production as soon as possible and get those planned shallow wells targeting oil in the Pierre Formation on the western flank of the field drilled.</p>
<p><b>Tap Oil provides details of upcoming three well exploration program.</b></p> <p><b>Tap Oil's production and revenue falls in September quarter on timing of liftings, natural field decline and lower oil prices.</b></p> <p><b>At end of September company had US\$30.885 million in cash and no debt.</b></p>	<p><i>Company Announcements</i></p> <p><i>Tap Oil</i></p> <p>On 30 October <b>Tap</b> announced details of the Manora JV's upcoming three well exploration drilling program plus a contingent appraisal sidetrack.</p> <p>The wells, Inthanin #1, Yothaka East #1 and Krissana #1 will be drilled within the Manora production license G1/48 and are targeting incremental oil accumulations rather than significant volumes of hydrocarbons.</p> <p>That said they are low cost, low risk wells that could add up to 1.3 million additional oil reserves to <b>Tap</b> (Best Estimate Prospective Resource) for a total cost to <b>Tap</b> of US\$1.72 million on a dry hole basis and US\$2.74 million should the wells be successful and require additional wireline logging and evaluation.</p> <p>The first well is targeted to spud at the end of November.</p> <p><b>Tap's</b> share of Manora production in the September quarter was 1,543 barrels of oil a day down 2.6% of the previous quarter due to natural field decline and pump failures on several wells. A work over program to restore production levels began in October.</p> <p>Cash receipts for the September quarter were US\$9.892 million from two liftings. Revenue was lower largely as a result of a 9.4% decline in the realised oil price. At the end of September <b>Tap</b> had US\$30.885 million in cash down US\$0.66 million on the previous quarter. The company has no debt.</p> <p>On 13 September <b>Tap</b> announced it had completed the sale and purchase agreement with <b>Kensington Energy Pty Ltd</b> and sold its residual Australian and New Zealand portfolio to <b>Kensington</b>.</p> <p>Of most interest to <b>Tap</b> shareholders is that <b>Tap</b> appears to have paid US\$3.21 million to <b>Kensington</b> to take on the asset portfolio including the Woollybutt field abandonment obligation for which <b>Tap</b> had provided some US\$6.46 million in its accounts.</p> <p><b>Tap's</b> only remaining interest outside the Manora oil field is its 12% interest in WA-34-R containing the Prometheus and Rubicon gas fields where <b>Tap</b> has booked net 2C gas resources of 45 Pj. <b>Tap</b> expects to exit this Block before the end of the year.</p> <p>In the market Friday one buyer has a bid for 5,313,158 <b>Tap Oil</b> shares at 12.5 cents. Substantial shareholder <b>Risco Energy</b> has been increasing its holding in the company in recent weeks. It currently has a 45.56% interest.</p>



**Media reports can be market moving.**

**AJ Lucas to update market on Cuadrilla's plans for Preston New Road in the light of reports of fracing suspension following 2.9 magnitude earth tremor.**

**Armour Energy to production test gassy sands in Myall Creek North #1 development well and attempt to free stuck drill pipe at Horseshoe #4 well.**

**Buru issues weekly progress report on drilling operations**

**Comet Ridge on Galilee Basin activities.**

**Elixir on progress of drilling program in Mongolia.**

**Eon NRG to update market on spud of first PRB well.**

**Empire on NT seismic program completion and approval of 2020 two well program.**

**Fremont to bring new wells into production, and complete GSA.**

**Helios Energy on operations at its Presidio play in Texas.**

**Invictus on farmout of Mzarabani Prospect.**

**IPB Petroleum on financing of Idris Project.**

**Lakes Oil to advise on Otway Basin well.**

**Melbana to advise on Beehive farmin.**

**State Gas on corporate interest and drilling on PL 231.**

**Tap to spud new wells.**

**Whitebark Energy on the latest from Wizard Lake, Alberta.**

**Winchester Energy production testing report on Arledge 16#2.**

### *Looking Ahead*

For traders, drilling reports together with asset acquisitions/disposals and other performance related announcements usually have market moving significance.

On 2 November the BBC reported that fracing had been halted at **Cuadrilla's** Preston New Road shale gas operations after a 2.9 magnitude earth tremor. **AJ Lucas** has a 47.3% interest in **Cuadrilla**. **AJ Lucas** needs to update the market on what lies ahead for the project. A recent **Cuadrilla** statement curiously did not address the fracing issue only the high quality of the gas flowing to surface during the flow test of the company's second well on the project.

**Armour Energy** to release further progress reports on the drilling of its Myall Creek North #1 development well on its 100% owned PL511 in Queensland. Also, a drilling report on the recently commenced Horseshoe #4 development well on the company's 100% owned PL 227. On 31 October **Armour** reported the company was attempting to free stuck drill pipe.

**Buru Energy** to continue providing weekly operations updates on its 2019 program in the Canning Basin including the evaluation of oil shows at depth in the Miani #1 and completion of the Ungani #7H and #6H production wells.

**Comet Ridge** on an updated completion and well test program in the Galilee Basin re Albany wells with partner **Vintage Energy**. Albany #1 sidetrack now completed.

**Elixir** to report the results of its first chip-hole on the Nomgon CBM PSC in Mongolia. The company indicated last week that the first chip hole was drilling on to total depth after intersecting several coal seams.

**Eon NRG** to update the market on spud of its first well on its Powder River acreage the Govt Kaehne #9-29 now set for early November. **Eon's** latest Reserves update includes 318,000 barrels of oil of 1P net reserves.

**Empire Energy** completion of a planned seismic program on EP 187 in the NT. NT Government approval of plans to drill two wells in 2020. We will be watching outcome of **Origin Energy's** current activities on tenements on trend with those held by **Empire**.

**Fremont Petroleum**, to provide a further update on stimulation of its Amerigo Vespucci well. Also, to advise on gas sales agreement for Pathfinder field gas.

**Helios Energy** to further update the market on results of the fracking of the lateral section of the third Presidio well, Presidio 141 #2. Oil already flowing.

**Invictus Energy** at stage where it can actively seek a farminee to drill the Mzarabani Prospect in Zimbabwe.

**IPB Petroleum** on farminees and financing for DLT Project WA 249P (Idris appraisal well and Gwydion development). **IPB** raised net \$0.95 million in May with a placement of shares at 4.0 cents.

**Lakes Oil** with partner **Vintage Energy** to report on progress of preparations for the drilling of the Nangwarry #1 well in the onshore Otway Basin.

**Melbana** to advise on whether **Total** and **Santos** have exercised their option to drill the Beehive well in WA 488P. Decision required by 4 November.

**State Gas** may release a further update on discussions with parties interested in a "transaction". And spud of new wells to appraise the Reid's Dome coals and sands.

**Tap Oil** to participate with 30% interest in three exploration wells on the Manora production license with first well to spud late November.

**Whitebark** to report on the drilling of Rex #3 and monetisation of production from initial two Rex wells. Also, to report on progress in gas sales pipeline construction.

**Winchester Energy** to report further on the results of production and flow testing of Arledge 16 #2 well, the re-entry of the Thomas Ranch #2 well (100% wi) and a completion report on its latest Mustang Prospect well.

*Update on Potential Company Making Wells yet to Spud.*

The following wells could be game changing for the junior companies involved.

**Total and Santos have until 4 November to decide whether to exercise drill option after review of seismic data.**

**MAY request for one-year extension to drilling commitment on Block 9, Cuba approved.**

**BP, Beach and NZOG form JV to drill Ironbark prospect in 2020. All agreements in place.**

**Eon NRG prepares site for PRB well to spud in November.**

**Vintage and Lakes to drill conventional gas well in onshore Otway Basin.**

**Borba prospect follow on from Dempsey 1-15 well in Sacramento Basin.**

**Charlie #1 to spud early 2020 targeting conventional oil on Icewine acreage, Alaska.**

<b>Beehive #1</b> <b>MAY 100%</b>	In WA 488P in offshore Bonaparte Basin. Two main objectives with a best estimate recoverable Prospective Resource of 388 million boe. <b>Santos &amp; Total</b> option to farm in for 80% by end Oct. Well in 3Q of 2020. <b>MAY</b> up from 1.0c to 1.1c.
<b>Alameda/Zapato</b> <b>MAY 100%</b>	<b>Melbana</b> requested amendments to Block 9 PSC approved. Company to recommence planning for a two well drilling campaign in 2H 2020. Discussions restart with prospective farmin partners. <b>MAY</b> unchanged at 1.0c.
<b>Ironbark</b> <b>CUE 21.5%</b>	Mungaroo Formation objective with multiple targets in WA-359-P and WA-409-P. Best internal estimate 15 Tcf of prospective gas resource. Rig contract signed. <b>CUE</b> with US\$11.3m in carry funding. <b>CUE</b> up from 12.0c to 12.5c.
<b>G Kaehne 9-29</b> <b>E2E 100%</b>	<b>Eon NRG</b> has advanced planning for the company's first well on its recently acquired Powder River Basin acreage in Wyoming. The target is the Dakota formation with the Muddy formation a secondary target. <b>E2E</b> unchanged at \$0.005.
<b>Nangwarry #1</b> <b>LKO 50%</b> <b>VEN 50%</b>	Testing Pretty Hill and Sawpit formations for conventional gas. Sawpit target an analogue of Beach's Haselgrove #3 discovery well which flowed at 25 MMscf/day. <b>LKO</b> Suspended. <b>VEN</b> down from 19.0 to 16.5c.
<b>Borba</b> <b>XST 25%</b> <b>SGC 46%</b>	Developing prospect in the Sacramento Basin with claimed multi Tcf of gas potential. Californian Resources Corp will be co-venturer. Well is targeting conventional channel fill sand reservoirs. <b>XST</b> last traded at \$0.003. <b>SGC</b> down, 3.8 to 3.4c.
<b>Charlie #1</b> <b>Premier 60%</b> <b>88E 30%</b>	Conventional target on Icewine lease in Alaska. Premier Plc farmed in and will meet up to US\$23 million of well cost. Spud in early 2020. 210 MMbo Gross Prospective Resource. Test of seven stacked objectives. <b>88E</b> fell from 1.4c to 1.3c.

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