

Oil and gas explorers sharpen drill bit after WA letdown

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Santos, Beach Energy and SapuraOMV are among those preparing to test for oil and gas around Australia this year.

Graeme Bethune at consultancy EnergyQuest. He noted that the revival was due primarily to players such as Santos and Beach Energy, while Woodside Petroleum "basically seems to have walked away from exploration".

Woodside deferred the only Australian exploration well it had pencilled in for 2020, the Gemtree-A well, and has not yet advised when it will go ahead.

Several other planned offshore wells were also postponed after last year's oil price crash, which came after Norwegian energy major Equinor abandoned contentious plans to drill off the South Australian coast.

The downbeat year in offshore exploration was capped by the failure of BP's Ironbark well, the British major's first testing for a large oil or gas find here for more than a decade.

Hopes were high that the record 5.6-kilometre deep well, about 170 kilometres off Karratha and targeting 15 trillion cubic feet of gas, would find a large source of supply for the North West Shelf venture, and some are speculating that its failure may drive BP to quit the venture. "Bugger ... a very disappointing result for us all," Andrew Jefferies, CEO of venture partner New Zealand Oil & Gas, said bluntly of the outcome in a December 29 statement.

Oil and gas explorers are gearing up for a much more active year with the drillbit around Australia, even after the recent failure of a highly prospective well by BP off Western Australia and the cancellation of one that was due to be sunk off south-east New Zealand.

The drilling line-up includes wells off Victoria, WA and the north coast, as well as exciting but controversial exploration in the remote Beetaloo Basin in inland Northern Territory and onshore WA.

The activity would lift spending on offshore exploration off the 44-year low of \$64.8 million seen in the September quarter of 2020, said

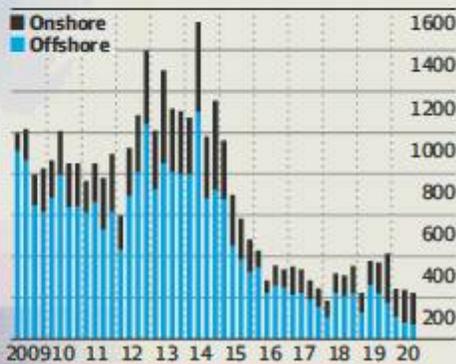
On the hunt

Selected upcoming exploration wells

Name	Location	Operator	Date	Onshore/offshore
Artisan-1	Otway, Vic	Beach Energy	1Q21	Offshore
Eagle-1	Camarvon, WA	SapuraOMV	2Q21	Offshore
Kanga-1	Camarvon, WA	SapuraOMV	3Q21	Offshore
Velkerri 76 S2	Beetaloo, NT	Origin Energy	1H21	Onshore
Tanumbirini 2H	Beetaloo, NT	Santos	2021	Onshore
Inacumba 1/1H	Beetaloo, NT	Santos	2021	Onshore
Beehive	Timor Sea, NT	Melbana Energy	2H21	Offshore



Australian petroleum exploration expenditure (\$m)



SOURCE: ENERGYQUEST, FINANCIAL REVIEW

Beach, which was also a partner in Ironbark, has meanwhile cancelled an exploration well it was to drill this year off New Zealand's Canterbury coast.

"Beach Energy and its joint venture partners have made the decision not to contract a rig or submit its non-notified marine discharge consent for the Wherry prospect in the New Zealand Canterbury Basin at this time," a spokesman said.

Beach will, however, still be exploring, kicking off the Artisan-1 well this quarter in the Otway Basin off Victoria. The well has been "de-risked" by the success last November of the nearby

Enterprise-1 well, which found a 146-metre column of gas.

In WA, Santos is building on momentum at its proposed \$US2 billion Dorado oil project, bringing forward two wells targeting resources that could be connected into the facility. The Apus and Pavo wells are to be drilled ahead of a final investment decision on the first phase of Dorado, involving only liquids, which has been deferred from 2021 into the June half of 2022.

Further north, hopes are building that Melbana will drill its large Beehive prospect in the southern Timor Sea south-west of Darwin late this year, with the junior understood to be close to a deal with a funding partner. Beehive could hold up to 1.6 billion barrels of oil.

In WA, attention is focused on the Perth Basin, where Strike Energy has been drilling at its large West Erregulla field. Work there has been disrupted by the well encountering an unexpectedly high-pressure gas column which, while a positive sign, has tested the limits of the equipment and has been temporarily suspended.

Managing director Stuart Nicholls said Strike would now drill another well at West Erregulla, then drill the potentially larger, 100 per cent-owned South Erregulla prospect. He said Strike would almost certainly be the most active explorer in Australia this year, with a rig fully active all year, while some others were still in the preparatory phase. "We've got the spinnaker open right as the winds are starting to pick up," he said.

Strike's work adds to momentum in the Perth Basin after the go-ahead was given just before Christmas by Mitsui and Beach for the \$768 million second stage of their Waitsia gas project, to be the first source of onshore gas for the North West Shelf venture. What was probably the most highly anticipated drilling this year will be in the Beetaloo Basin, EnergyQuest's Dr Bethune said, pointing to work that would take Australia closer to knowing whether Beetaloo shale would be "the biggest thing since coal seam gas" in Queensland.

Santos, Origin Energy and Empire Energy are all planning work after the wet season on their respective prospects there, while Tamboran Resources, Santos' partner in the Beetaloo, is preparing to explore independently in separate nearby permits after acquiring Sweetpea Resources in December.