

Drillsearch backs oil plan in Eromanga

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DRILLSEARCH Energy is backing a bold new exploration strategy to discover around 50 million barrels of oil in the lightly explored northwest of the Cooper Basin.

The new target area is dubbed the Inland-Cook Oil Fairway. It has slipped under the radar of most Cooper Basin watchers, who have focused for the past few years on the successes in the South Australian Western Flank.

But all that could change if Drillsearch is right in backing their view, supported by an innovative piece of research by its consultant geologist, David Lowry.

The Inland-Cook Oil Fairway extends northwards over about 100 kilometres from the Cook and Cusinier oil fields in Santos-operated ATP 752P to about 40 kilometres north of the Inland oil field.

The Fairway has potential for discoveries measured in the tens of millions of barrels, an order of magnitude larger than those on the Western Flank, where Drillsearch is also a major player.

The northern end of the Cooper and the overlapping Eromanga Basin, have given explorers little to get excited about, with the exception of the Inland oil field.

Private company IOR Energy discovered the Inland field in 1994 and rates it as one of Australia's 10 largest onshore oil fields.

Earlier this year it sold a 100% interest in the field (PL 98), 100% of the surrounding ATP 548 P, plus some non-operated interests in the area for \$15 million cash and 4.7 million Bridgeport shares.

Exploration by IOR and others after the 1994 discovery failed to repeat the success at Inland and the focus of the industry quickly shifted to other areas of the Cooper Basin that reliably rewarded effort.

Drillsearch has long had a significant position in the north of the Cooper Basin, but tightened its grip in the past nine months to lock up most of the acreage around the Inland oil field.

It bought out Bandanna Energy in ATP 539P and ATP 549P, taking it to 100% and 67% respectively. (Icon Energy has the balance of ATP 549P).

Drillsearch also bought Circumpacific out of long-standing applications for ATP 920P and ATP 924P, which adjoin ATP 539P and 549P. These permits are finally about to be awarded after Native Title agreements were recently concluded.

The basis for the company's new exploration strategy was revealed in a presentation to this year's APPEA conference by Lowry and Drillsearch chief technical officer David Evans.

Lowry's analysis shows that the oil in the Inland oil field could not have flowed from Permian source rocks in the underlying Cooper Basin, as many other geologists have insisted.

He found that Inland's oil could be sourced only from Jurassic-aged oil kitchens in the Eromanga Basin, such as the Birkhead and Poolowanna formations.

He concludes the Birkhead and Poolowanna kitchens expelled about 660 million barrels of oil during the mid-Cretaceous into the area in the vicinity of the Inland field.

Lowry told *EnergyNewsPremium* there was potential for about 50 million barrels in the vicinity of Inland, based on the assumption that 7% of the oil from the source kitchens was accumulated in traps.

"That's a conservative average and, even if you assume only 1% was trapped, it's still worth locating and drilling Cretaceous traps in the northern Cooper-Eromanga Basin. A lot of oil went that way," he said.

Lowry said the Jurassic-aged oil sources in the Eromanga Basin had received "bad press" in the past.

"I worked for Lasmo when the Kenmore and Bodalla South oil fields were discovered in the late 1980s," he said.

"It was generally accepted the oil was Permian, even though the geochemistry to identify the source is remarkably equivocal, even to this day. I kept in the back of my mind the idea of a Jurassic source and always believed it was worth another look."

Lowry's conclusions were developed from painstaking analysis of open file data, with some pragmatic and novel approaches along the way.

"The conventional approach to assessing oil potential would be to build a massive 3D basin model. This would have taken much longer and been vastly more expensive," Lowry said.

"The output would have been numerically precise but perhaps not much more reliable given the sparse and scrappy data on which it would be built and calibrated.

"I did take some liberties with data and used short cuts with the technologies. But my methods were informed by a scepticism and experience developed by 40 years as an explorationist. I believe the results of the study are moderately reliable and are fit-for-purpose."

Evans said Lowry's semi-regional study had really helped to sharpen the company's focus on the north and northwestern Cooper.

"The region is very much under-explored and has scant coverage of even 2D seismic. Some areas are more mature, but in general the sparsity of data is remarkable, especially in a basin that is regarded as mature. There is lots of potential for oil discovery," he said.

Evans said Drillsearch was planning an extensive campaign of 2D and 3D seismic to develop leads and prospects. Drilling could follow as early as mid-2012.

If Drillsearch and Lowry are right about the Jurassic source of the Inland oil field, the results of the new exploration campaign on its newly defined oil fairway could transform Drillsearch in more ways than one.

While it is in the thick of the action on the Western Flank, with a 60% interest in the PEL 91 joint venture, Drillsearch takes a back seat to Beach as operator.

On the new Inland-Cook Oil fairway, Drillsearch has made sure it is in the driving seat, as well as maximising its exposure by increasing its equity in several permits.

It would be a fitting result for a company that has worked hard over the past two years to take control of its own destiny.