

Apache On Exploration, Development War Path – Exmouth Project Targeted

Apache Energy has acquired the services of three drilling rigs to undertake the most active offshore drilling campaign in Australia with a record 38 wells planned for the Carnarvon Basin in 2007, estimated to cost about \$US 290 million.

Apache Energy Regional Vice President and Managing Director, Tim Wall, said the Enco 106 jackup and the semi submersible rig Sedco 703 is carrying out a range of drilling operations from the Exmouth Sub-basin to above the Legendre field. Another semi submersible rig, the Stena Clyde, is scheduled to start its programme with Apache in mid-April after working on the Puffin development for AED.

“We’re probably going to drill as many deeper, exploration type wells as we’ve ever drilled here”, Wall said. “Historically we may have had years when we’ve drilled a lot of wells off platforms in Varanus but this is a different type of programme.” Wall said Apache is aiming to expand its development programme into new areas within Australia.

“There are quite a few prospects in WA-356-P. that could be big for us and Exmouth (WA-155-P) is a big part of the programme too, drilling exploration and development wells.” Apache is working with its joint venture partners on an FPSO development for the Van Gogh oil accumulation after Theo-1 was drilled in August 2006 and encountered a 14 m oil column and a 19 m gas column in 350 m water depth.

“We’ve slated to drill six wells to try and delimit the reservoir”, Wall said. “We’ll then suspend them and come back and finish them in July 2008.” He said at this stage first production from Van Gogh is anticipated to begin in early 2009.

Apache is also looking at bringing the Reindeer gas accumulation in the Dampier Sub-basin into production after Reindeer-1 was first discovered in 1997. Wall said different development options were being investigated but it will involve the use of a wellhead platform.

“We’re pushing developments at the moment and hopefully some of this drilling programme will give us more assets to commercialise”, he said. Wall said while there will be some drilling in the Varanus field, but it won’t be a big part of the programme in 2007.

“A big part of the drilling programme is in deeper water and we’ll be drilling WA-356-P which is the block south of the Pluto development. We’ll also be doing some exploration drilling on the jackup around the Reindeer area in permit WA-209-P, where we already have a discovery, and try and develop more reserves and push north into some other

Tim Wall

Regional Vice President – Australia, and Managing Director
Apache Energy Ltd

Tim Wall was appointed Regional Vice President – Australia and Managing Director, Apache Energy in March 2006. He joined Apache in 1990 as an engineer in Houston. He moved to Midland as Permian District Manager in 1993 and took on the role of Gulf Coast Production manager in 1996. He then moved to Beijing as General Manager of Apache’s operations in China in 1997.

Wall was named Central Region Operations Manager in 2000 and Apache North Sea Operations Manager in 2004. He moved to Perth as Deputy Managing Director of Apache Energy Limited in 2005. Wall earned a bachelor’s of science degree in petroleum engineering from Texas A&M University in 1985.

sections.” Wall said Apache’s strategy is to develop new infrastructure hubs to provide alternative expansion options in the Carnarvon Basin region.

Apache’s hectic programme started with the completion of three new wells, Doric-2, Lee-3 and West Cyad-2, as part of the Harriet Joint Venture in February. The Doric-2 natural gas well located in Apache’s Doric gas field in Permit TL/1 is on production at the rate of 65 MMcf of gas

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per day from the Flag sandstone. The Lee-3 natural gas well, located in the TL/1 Permit area, is producing at the rate of 50 MMcf per day, flowing from the North Rankin, Brigadier and Mungaroo formations.

Both gas wells were completed in early January and flow through Apache’s Varanus Island hub. This gas production will replace volumes from other Apache gas wells flowing into existing marketing contracts.

The West Cyad-2, located in Permit TL/9, was drilled as a sidetrack from Apache’s Victoria platform to produce a 9.7 m oil column discovered last spring more than 5km from the nearest infrastructure. Completed in

early February, the well is producing at the rate of 6,000 bopd from the Flag sandstone formation.

Wall said the West Cyad-2 well was the longest horizontal drilling project Apache had done anywhere in the world. He said an accumulation of about 500,000 bbl of oil was discovered when West Cyad-1 was discovered by conventional vertical drilling in November 2006. But because of its distance from existing infrastructure, the only way it could be commercially developed was by drilling it from the Victoria platform.

Apache is planning an additional Harriet Joint Venture oil well with multiple horizontal laterals in the Bambra area, located in permit TL/1. The extended-reach Bambra-7 well, which began producing natural gas in late 2005, recently started producing oil after a larger-than-anticipated gas cap was dissipated. The Bambra-7, which has produced 17 Bcf of gas, currently is producing 10 MMcf of gas and 3,170 barrels of oil per day.

While the 2007 drilling focus is on the Carnarvon Basin, Apache is working with a consortium of oil companies in the Gippsland Basin and has acquired access to a jackup rig to begin drilling in December, but Wall said it was more likely that campaign won’t begin until the first quarter of 2008.

“We’ve wanted to drill over there for a while and finding rigs has been a problem”, he said. “We helped put this consortium together and we have three slots in that consortium.” He said Apache is hoping to drill leads in permits Vic/P58, Vic/P42 and Vic/P45 with a jackup and is attempting to secure a semi submersible rig to target deeper leads in Vic/P59.

Wall said he does not see any respite in the overheated rig market, or any other sectors of the oil and gas industry in the short to medium term while oil and gas commodity prices remain high. “Just about anything you need is getting longer and longer because everyone’s trying to get into the queue and commercialise their projects while they have the opportunity and it’s just getting tougher and tougher”, he said.

“Everybody is competing for the same resource and even though people are trying to increase their output or their rig count, it’s not something that can be done overnight.”

Wall said Australia was becoming an increasingly important growth region for Apache. He said Apache’s largest operations are currently located in North America and Egypt. “But Australia has probably got the biggest expansion possibilities of anybody”, he said. “Exmouth has got huge potential so I think there will be a lot of growth coming out of Australia.” ■