

New Oil, Gas Finds Spur Excitement In SA



SA Mineral Resources Development Minister Paul Holloway.

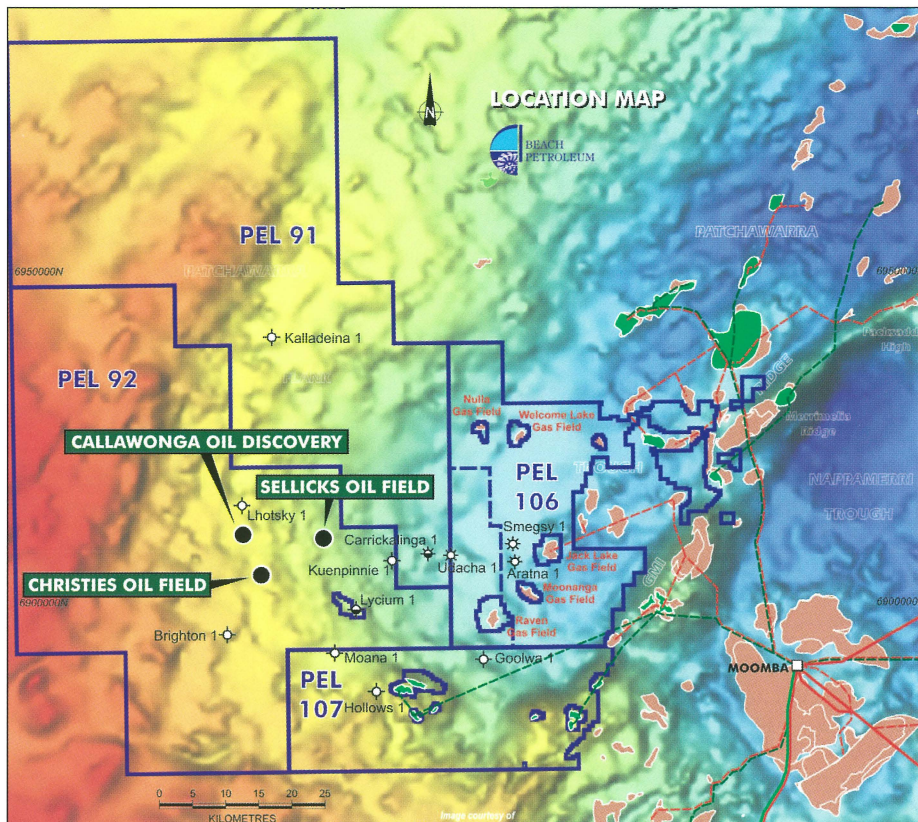
Eight new oil fields and four new gas fields have been discovered in the Cooper Basin so far this year by Stuart Petroleum and Beach Petroleum, generating a flurry of interest and excitement in South Australia, according to the state's Mineral Resources Development Minister, Paul Holloway.

Holloway said the Cooper Basin is Australia's most popular onshore destination for oil exploration investment. "South Australia continues to attract high levels of national and international petroleum industry interest, with tenements now covering almost the entire Cooper Basin", Holloway said.

"Drilling activity in the basin is at record levels, which is leading to new field discoveries for explorers and increased royalties for the South Australian economy. So far during 2006, 21 exploration wells have been drilled, with 12 discovering new petroleum accumulations. This is an excellent result for the Cooper Basin explorers."

Holloway said three discoveries in particular are cause for excitement, with oil flow at more than 1,000 bopd:

- Stuart Petroleum's Revenue-1 – discovered a new oil field in July, with an initial oil flow of 1,100 bopd.
- Beach Petroleum's Callawonga-1 – drilled in July with an oil flow of 2,400 bopd.
- Stuart's Toporoa-1 – drilled in February with an oil flow of 1,814 bopd.



“Drilling activity in the Cooper Basin is at record levels.”

"Stuart's three-month turnaround from discovery to production for the Revenue field is a testament to the company's efficiency, and the effectiveness of South Australia's world-class petroleum legislative framework. The winning bid - for bid block designated OT2006-A - involves more than \$13 million in exploration investment over the next five years, of which around \$7.3 million is guaranteed."

Guaranteed elements of the bid include 3D seismic acquisition, an aeromagnetic survey, the drilling of two wells, together with geoscientific studies in the first two years of the program. The non-guaranteed program includes two additional exploration wells and geoscientific studies. The new PEL covers the Jacaranda Ridge oil discovery that produced 950 bbl of oil on extended production test in 1999, but was deemed uneconomic at the time.

"I'm advised that bidding was keen for the area, with five companies submitting bids following a highly successful acreage promotion campaign." Holloway said gas and oil discoveries in South Australia during the last 20 years, coupled with recent exploration successes in the Victorian sector of the onshore Otway Basin, give cause for optimism about the resource potential of the area.

"Although there have been several oil field discoveries in the onshore Otway Basin, the majority of discoveries have been gas. Current production is restricted to the Katnook Gas Field, which is relatively mature and produces gas and condensate, so new oil discoveries in the area will have the potential to attract renewed interest in oil exploration opportunities."

"South Australia's petroleum industry continues to grow in strength, and this latest acreage release is another very important forward step." And in further positive news, Adelaide Energy Pty Ltd has been named as the successful bidder for a new multi-million dollar petroleum exploration licence PEL 255 in the Otway Basin, in the State's southeast. ■