

Crux Blow

In a major blow to Nexus Energy's Crux liquids project its potential partner, understood to have been Japanese company Mitsui, has pulled out of the planned purchase of a 25% stake.

Nexus previously advised it had entered a memorandum of understanding (MoU) for the proposed US\$255 MM sale, however have now said the MoU counterparty did not receive board approval, citing global market conditions as its reason for not proceeding.

Nexus – which at present holds an 85% stake in Crux, with Osaka Gas making up the other 15% – is targeting first oil in the first half of 2011, however the withdrawal has cast doubt over the development timeline.

Despite this, Nexus said it had received expressions of interest from a number of parties globally and it remains its intention to seek an additional partner for the development of the project.

"The Crux liquids project remains an exciting world class development which is close to project sanction. We have received strong interest from potential additional parties and, whilst we are disappointed that the previously announced potential sale will not proceed, we are confident that the sale process will result in the selection of an appropriate additional partner to develop Crux on terms which will be beneficial to Nexus shareholders", said Ian Tchacos, Nexus Managing Director.



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In a recent presentation Nexus announced the Crux-3 and Crux-4 development wells had been drilled and proven plus probable (2P) reserves lifted by 12.5% to 75.3 MMbbl gross.

Nexus has consigned nearly US\$400 MM towards Crux; an FPSO hull has been purchased along with compressors, flow lines and subsea trees. Additionally, a Transocean Legend drilling rig has been secured and a field development plan submitted. ■