

AWE Draws Wide Revenue ARC



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Australian Worldwide Exploration's (AWE) merger with ARC Energy has paid immediate dividends with third quarter revenues almost tripling year-on-year. Production gained from the merger offset an expected decline in output from the Tui project off New Zealand.

AWE reported revenue of \$252 MM in the period, up from \$86 MM in the same period in 2007, as production hit 2.52 MMboe on the new ARC production from the Cliff Head project, plus increased flows from the BassGas project, where AWE also boosted its stake following the ARC deal. The merger with ARC was concluded in August.

The company confirmed output from the Tui field dropped to an average 34,200 bopd in the quarter on increased water cut, as well as some weather delays in offloading oil from

the *Umuroa* floating production, storage and offloading vessel. It has deferred the planned Tui expansion programme in favour of focusing on exploration opportunities near the existing facilities in the field, as well as several potential leads in the offshore Taranaki Basin.

AWE also discovered gas in the Netherby-1 well in the offshore Gippsland Basin in the period, with production set to be tied in to the company's existing Henry field gas delivery system and first gas from the reservoirs expected in the first half of 2009 following installation of a pipeline. A sidetrack of the Netherby-1 discovery well was completed for production and tested at a rate of 51 MMcf per day.

The Henry-2 gas development well, operated by Santos, tested at rates of up to 44 MMcf per day subsequent to the end of the quarter.

AWE said it had been awarded, with joint venture partner Pearl Energy, the East Muriah Production Sharing Contract (PSC) in Indonesia. The partners are committed to carrying out a 2D seismic survey and drilling at least one well. AWE holds a 50% stake in the PSC, which will be operated by Pearl.

AWE said it expected full-year production to be \$9.3 MMboe. Cash reserves are \$370 MM and the company is debt free with no production hedging. The company said it was consequently well-placed to take advantage of investment opportunities 'that may become available due to the current market turmoil'.

The company has announced plans to drill at least 15 wells in the next 15 months in acreage in Australia, New Zealand, Indonesia and Yemen. ■