

Hess Joins Canning Unconventional Hunt

US major Hess has joined the Canning Basin hunt for shale gas by buying Queensland mining magnate Clive Palmer's Kingsway Oil as part of its Australian expansion plans.

The deal, made for an undisclosed sum, expands Hess' presence in Australia to include two permits in the Canning Basin covering more than 7800 km² with three separate licences under application worth 54,000 km².

One of the Canning Basin permits includes the Sally May oil discovery, which was drilled by

Kingsway in 2005. The Sally May-1 well in permit EP-429 well encountered good oil shows in the Ordovician Nita Formation within the aerially extensive Sally May anticline. The structure has a prospective resource potential of between 2-139 MM bbl. The mean prospective resource potential volume is 65 MM bbl, and the probability of geological success is estimated at 32%.

Hess has also made 13 gas discoveries from 16 wells in WA-390-P and has a Northern Territory shale gas exploration venture in the Beetaloo Basin, which will add a further two exploration permits.

The company also held talks with Woodside Petroleum and Chevron on potential commercialisation options through LNG plants. Hess began detailed engineering work for its Equus discovery off the Pilbara coast ahead of deciding which of three WA-based LNG plants the gas should be developed through.

Earlier this year Hess signalled an increased presence in Australia by appointing senior group executive Howard Paver as president of its Perth business unit. ■