

Carnarvon Petroleum Ltd

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Carnarvon Petroleum's 2019 work at Dorado will support transformation to producer

Carnarvon Petroleum Limited (ASX: CVN) is well-placed to make further great strides during 2020 in its transition from explorer to developer.

Managing director Adrian Cook thinks the successful appraisal and confirmation of the Dorado resource offshore WA signifies the beginning of the transformation of the company.

He said: "The future production potential from the company's world-class Dorado asset is very encouraging and is supported by the operator's [Santos] recently reported target production flow rates.

"The [December] quarter itself was highlighted by the incredible flow tests from the Dorado-3 well.

"In particular, the highly successful Caley interval flow test exceeded 11,000 barrels of oil per day plus associated gas.

"The test indicates very high potential flow rates of around 30,000 barrels per day from each production well in the Caley reservoir."

Dorado field development

Looking ahead, the Dorado JV with Santos Ltd (ASX:STO) has increased its focus on planning for the Dorado field development in the late stages of concept selection work.

Cook said in the December quarterly report: "With the appraisal drilling campaign completed in the quarter, Carnarvon and its joint venture partner focused on the Dorado field development planning with FEED to commence early in the new calendar year.

"The initial concept selection work supports a liquids development with gas-reinjection as the preferred development model.

"Early financing discussions have demonstrated strong support for this type of development."

Buffalo project

The Buffalo project moved from Australian to Timor-Leste jurisdiction after the Maritime Boundary change in August 2019.

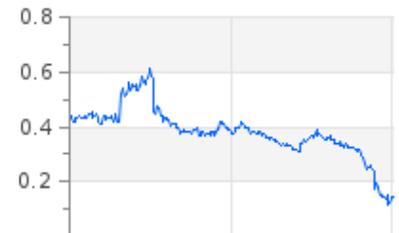
The company also signed a Production Sharing Contract (PSC) with the Government of Timor-Leste which has a similar net back after government taxes and duties when compared to Australia's offshore PRRT regime.

Cook said: "With the Maritime Boundary change completed in the prior quarter, Carnarvon now has the clarity to continue to work towards drilling a Buffalo well and to achieve first oil as soon as practical.

Price: 0.145

Market Cap: \$226.84 m

1 Year Share Price Graph



April 2019 October 2019 March 2020

Share Information

Code: CVN

Listing: ASX

52 week	High	Low
	0.625	0.11

Sector: Oil & Gas

Website: www.carnarvon.com.au

Company Synopsis:

Carnarvon Petroleum Ltd (ASX:CVN) is an oil and gas exploration and production company focussed on oil & gas exploration on the North West Shelf.

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"During the quarter, Carnarvon effected its transition to Timor-Leste jurisdiction and continued the process to introduce a partner to the project."

Condor, Eagle and Phoenix

During the quarter, Carnarvon continued technical work on the 100%-owned Condor and Eagle projects in the proven Vulcan Sub-basin within the Bonaparte Basin and is seeking expressions of interest from potential partners to further these exciting projects.

Exploration at Phoenix continues with data from the Keraudren 3D seismic survey expected to be available during the first quarter of 2020.

The existing seismic data has already identified several material exploration opportunities near to Dorado and additionally across the Bedout basin permits dubbed Pavo and Apus which were significantly de-risked following the Dorado discovery.

Financial outlook

Cook said: "Carnarvon finished the quarter with a very strong cash balance of A\$119 million with no debt.

"The higher closing cash position than previously forecast was primarily due to lower than planned Dorado drilling costs in 2019.

"Because we have maintained a strong and prudent financial position, the company is now able to very comfortably cover all of its planned 2020 expenditure."

A significant strengthening of the Australian dollar relative to the US dollar during the quarter resulted in a foreign exchange translation adjustment that decreased the company's reportable cash holdings by A\$900,000.

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(\$25,000).