High Peak Royalties Ltd

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High Peak Royalties encouraged by oil & gas developments in Amadeus Basin of Northern Territory

High Peak Royalties Ltd (ASX:HPR) is highly encouraged by developments within the Amadeus Basin, Northern Territory, where the company holds royalties in several oil & gas exploration and production licences.

Recent developments have seen plans being made for future wells which would be keenly watched by High Peak.

Targets identified

During drilling in August 2019, operator Central Petroleum (ASX:CPT) identified several targets for appraisal and exploration within the permits that High Peak holds royalties.

Of the eight permits that the company holds royalties in, EP112, which contains the Dukas-1 Well, encountered indications of hydrocarbons as well as inert gases above the target.

Excess pressure prevented the continuation of drilling, however, due to the positive indications of a working petroleum system and following an agreement between JV partners CPT and Santos Ltd (ASX:STO), a future well is planned for 2022.

Price: 0.061
Market Cap: $11.53 m

1 Year Share Price Graph

Share Information

Code: HPR
Listing: ASX
52 week High Low
0.125 0.053
Sector: Exploration & Production
Website: www.highpeak.com.au

Company Synopsis:
High Peak Royalties Ltd (ASX:HPR) is building a portfolio of diversified high value resource royalties around the world.

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Location of High Peak's royalties.

**Focus on Dukas**

In an exploration review compiled by geological advisor Julie Daws, the re-drilling of the multi-trillion cubic feet (TCF) Dukas structure will have the most impact for success in the Amadeus Basin.

The company believes the basin has the potential to increase oil & gas reserves over the next few years with additional helium prospectivity also recognised.

A positive result at Dukas will open opportunities to drill other large subsalt structures within the additional permits that HPR has royalties such as EP112, EP124 and EP125.

Notably, EP112 and EP124 also contain multiple subsalts leads and potential will be based on the success at Dukas.

In an interview with Proactive, chairman Andy Carroll said the company was particularly pleased with the drilling update in the Amadeus Basin.
He said: "The first well got very close to the target so we are looking forward to that large prospect being drilled.

"Central also has a number of prospects that it will drill in the next year or so which will be a big up for us."

Exploration potential
The Amadeus Basin has only had exploration drilling in 39 wells within 170,000 square kilometres to date, with 22 wells reporting oil and/or gas shows.

The north to south schematic across the Amadeus Basin illustrates underexplored, key hydrocarbon plays including five petroleum system from the Precambrian to Ordovician age.

There has been minimal activity conducted at the basin since its discovery more than 20 years ago due to its remoteness from infrastructure and markets.

The opening of the gas pipeline to the east coast in 2019 made way for the opportunity to large domestic and international markets.

Exploration drilling at Mamlambo in PL6 will further add to the current oil production at the Surprise Field as this is a low-cost, low-risk opportunity that could be undertaken in the near term.

Dukas status and forward plan
There are three options to intersect the reservoir target:

- Re-entry of suspended well 2;
- Twinning Dukas-1 (new casing plan will improve drilling and testing opportunities); and
- Drill new well at a crestal location as indicated by revised mapping.

The timing of the new well is now estimated for 1H 2020 to allow sufficient time for a new well design, permits, approvals, and sourcing of high-pressure rigs.

Looking at potential acquisitions
Carroll added that High Peak was also actively looking at acquiring further royalties in the US.

"We are the only focused oil and gas royalty company in the ASX - in terms of active royalties in the energy sector, that is our focus and it's a unique model.

"We haven't seen the price drop, so we are ready to pick up bargains - we have a strong cash balance and debt facility for significant acquisitions.

"We are only prepared to buy at the right price."

He said as well as the Amadeus Basin, other upside options to keep an eye on were in Queensland (Peat Gas Field) where there was continued growth in coal steamed gas and offshore in Western Australia, where there had been 'significant' exploration success.

"So, in our range of portfolio of royalties any one of these that kicks in can make a significant difference to the current modest market cap."
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