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.
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.”
Proactive Investors facilitate the largest global investor network across 4 continents in 4 languages. With a team of analyst journalists & professional investors Proactive produce independent coverage on 1000's of companies across every sector for private investors, private client brokers, fund managers and international investor communities.

Contact us +61 (0)2 9280 0700 action@proactiveinvestors.com.au

No investment advice

The Company is a publisher. You understand and agree that no content published on the Site constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You understand that the Content on the Site is provided for information purposes only, and none of the information contained on the Site constitutes an offer, solicitation or recommendation to buy or sell a security. You understand that the Company receives either monetary or securities compensation for our services. We stand to benefit from any volume which any Content on the Site may generate.

You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential, advisability, value, suitability or profitability of any particular security, portfolio of securities, transaction, investment, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including Company-related products, and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made. However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon.

The Site does not, and is not intended to, provide investment, tax, accounting, legal or insurance advice, and is not and should not be construed as providing any of the foregoing. You should consult an attorney or other relevant professional regarding your specific legal, tax, investment or other needs as tailored to your specific situation.

In exchange for publishing services rendered by the Company on behalf of High Peak Royalties Ltd named herein, including the promotion by the Company of High Peak Royalties Ltd in any Content on the Site, the Company receives from said issuer annual aggregate cash compensation in the amount up to Twenty Five Thousand dollars ($25,000).