

Carnarvon Petroleum Ltd

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Carnarvon Petroleum vastly improves confidence in targets near Dorado oil & gas discovery

Carnarvon Petroleum Limited's (ASX:CVN) interpretation of new 3D seismic data has provided a higher level of confidence over the Apus, Petrus and Kepler targets near the Dorado discovery within the Bedout sub-basin on Western Australia's North West Shelf.

Interpretation of new Keraudren 3D seismic has progressed, focusing on prospects previously covered by the Bilby 2D data and this resulted in the 2D-based Apus feature now comprising the three prospects.

These are estimated to contain an aggregate 293 million barrels of oil (Gross, Pmean) plus associated gas, with Apus estimated at 235 million barrels, Petrus 46 million and Kepler 12 million barrels.

Data indicates that the primary reservoirs are similar to those that have proven successful in the Dorado field.

New growth opportunities

Carnarvon's managing director and CEO Adrian Cook said: "In addition to the work being undertaken around the Dorado field development, we continue to assess new growth opportunities through exploration.

"The Apus structure has both targets that may result in new standalone fields or that may be tied into the planned Dorado oil field facility.

"Options for exploration drilling are being advanced, recognising that a decision to commit to a drilling rig will be subject to an assessment of business conditions at the time."

Shares have been as much as 10% higher this morning to 22 cents.

Apus prospect

The Apus prospect resides in shallow water at a depth of around 75 metres and has a shallow depth to the top of the reservoir of less than 2,500 metres.

This is significant in that reservoir properties generally improve at shallower depths and given the already proven deliverability of the equivalent reservoirs at Dorado some 2,000 metres deeper, reservoir quality is not identified as a risk at Apus.

Price: 0.24

Market Cap: \$375.57 m

1 Year Share Price Graph



Share Information

Code: CVN

Listing: ASX

52 week	High	Low
	0.39	0.11

Sector: Oil & Gas

Website: www.carnarvon.com.au

Company Synopsis:

Carnarvon Petroleum Ltd (ASX:CVN) has set its sights on unlocking the largest oil field in WA's North West Shelf.

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Gross Unrisked Prospective Resources - Apus	P90	P50	Pmean	P10	Pg
Oil and condensate ("liquids") (million barrels)	26	160	235	537	23%
Gas (billion standard cubic feet)	30	211	408	963	
Liquids and Gas Combined (million barrels of oil equivalent)	31	197	307	706	

An upside discovery outcome at Apus could support a standalone development.

A tieback to Dorado is also considered possible, with the benefit of extending the maximum liquids rate plateau and enhancing both the value of the combined project and the longevity of the production facilities.

In addition to this, the shallow target means there is likely a higher ratio of liquids (relative to gas) compared with the Dorado field.

Petrus and Kepler prospects

Prospectivity is also recognised within the Petrus and Kepler prospects, which lie in a water depth of around 85 metres, meaning drilling can also be achieved using a lower-cost jack-up type drilling rig.

Kepler and Petrus are only 14 and 18 kilometres respectively to the east of the proposed location of the Dorado field.

These relatively short distances enhance the value of these prospects since any discovery can be tied-back to the Dorado field processing equipment.

Gross Unrisked Prospective Resources - Petrus	P90	P50	Pmean	P10	Pg
Oil and condensate ("liquids") (million barrels)	12	36	46	90	29%
Gas (billion standard cubic feet)	15	53	79	170	
Liquids and Gas Combined (million barrels of oil equivalent)	15	46	60	120	

Gross Unrisked Prospective Resources - Kepler	P90	P50	Pmean	P10	Pg
Oil and condensate ("liquids") (million barrels)	3	8	12	26	30%
Gas (billion standard cubic feet)	3	12	21	47	
Liquids and Gas Combined (million barrels of oil equivalent)	3	11	16	34	

Utilising Dorado field processing equipment and sharing operating costs means the cost to develop and operate these fields would be low, directly enhancing the value per barrel of any discovery, and also extending the life of the planned development at Dorado.

Further prospectivity is interpreted in the untested Dumont member.

"Rare and valuable asset"

Cook said: "Carnarvon's commanding position in the Bedout sub-basin is a rare and valuable asset.

"Dorado is a highly attractive field in the early phases of its development life cycle but the addition of large and highly prospective exploration targets nearby is very unique.

"Typically, assets of this nature are held in much larger organisations. But in this case, Carnarvon represents an unmatched investment proposition, offering exposure to the high-quality Dorado field and significant additional upside nearby."

Dorado designs allow for tie-back

The Floating Production Storage and Offtake vessel and Well Head Platform designs for the Dorado oil field allow for the potential tie-back of future discoveries.

The composition of the prospective resources in Apus, Kepler and Petrus are expected to be capable of being processed by currently designed equipment due to the high confidence of them having similar fluid characteristics to the Dorado field.

Carnarvon's technical work is currently focused on the interpretation of the Pavo prospect and a number of additional new prospects close to the proposed Dorado oil field development.

Prospective resources

Prospective resources are the estimated quantities of petroleum that may potentially be recovered by the application of a future development project and relate to undiscovered accumulations.

These prospective resource estimates have an associated risk of discovery and risk of development with further exploration and appraisal required to determine the existence of a significant quantity of potentially moveable hydrocarbons.

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