

\$100 million: Total extravagance in the Browse

Steve Rotherham
Monday, 12 May 2008

LNG fever continues. Chinese national oil company, Sinopec, has taken up an offshore Northern Territory frontier exploration permit, while French supermajor Total SA has bid a huge \$94 million, plus another \$6 million in secondary work program commitments, for a Browse Basin exploration permit.

The Total bid accounted for more than 22% of the \$425 million in new commitments given to win nine leases in the Federal Government's latest offshore exploration bidding round. Total is a major player in international LNG and has now acquired stakes in a number of Australian permits thought to be suitable for LNG feedstock.



The new permits cover a range of prospectivities, water depths, and play types. They include five Bonaparte Basin leases, three Browse basin blocks and one Carnarvon Basin permit.

In Bonaparte Basin Northern Territory waters, a Sinopec subsidiary, SIPC Australia, won the NT-P76 block.

The company's \$35.65 million guaranteed work program comprises geotechnical studies and 500km of 2D seismic reprocessing, 1000 square kilometres of new 3D seismic surveying, 2000km of new 2D seismic surveying, and data processing.

The \$38.5 million secondary work program consists of one well and geotechnical studies. There was one other bid for this area. This Troubadour Terrace permits is subject to the Designated Frontier Area tax incentive.

Elsewhere in the Bonaparte, in Territory of Ashmore and Cartier Islands waters, Apache Northwest and Total E&P Australia won two blocks, AC/P42 (with an \$18.69 million guaranteed work program and a \$30.2 million secondary work program) and AC/P43 (with a \$32.95 million guaranteed work program and a \$300,000 secondary work program), which they will hold in equal partnership.

Finder Exploration won the AC/P44 and AC/P45 permits. There was one other bid for AC/P43, but the three other Ashmore Cartier permits were uncontested.

In the Browse, Total E&P Australia beat three other bids to win WA-408-P with a \$94 million guaranteed work program of 1300sq.km of new 3D surveying, three wells and geotechnical studies. The \$6 million secondary work program proposes geotechnical studies.

The WA-410-P permit has been awarded to Santos, Chevron and Inpex Browse. The partners proposed a guaranteed work program of licensing 375sq.km of 3D seismic data including reprocessing and geotechnical studies at an estimated cost of \$760,000.

The secondary work program consists of one well, geotechnical studies and marketing studies at an estimated cost of \$30.5 million. There were no other bids for this area.

WA-411-P was awarded to Santos, Inpex Browse and Beach Petroleum. The guaranteed work program consists of licensing 1425sq.km of 3D seismic data and reprocessing 1925sq.km of 3D seismic data and geotechnical studies, to an estimated value of \$1.46 million.

The secondary work program consists of one well, geotechnical studies and marketing studies to an estimated value of \$30.5 million. There were no other bids for this area.

In the Carnarvon Basin, WA-409-P was awarded to Cue Exploration and Gascorp Australia.

The guaranteed work program comprises 1400km of new 2D seismic surveying and geotechnical studies, with an estimated value of \$3 million.

The secondary work program consists of one well and geotechnical studies, with an estimated value of \$25.5 million. There were no other bids for this area.

Announcing the winning bids on Friday, Minister for Resources and Energy Martin Ferguson said investments of such large sums showed the attractiveness of Australia as an investment location and the highly prospective nature of the country's petroleum areas.

"It is also encouraging to see the entry of new explorers to the Australian market," he said.

"This heightens our expectations of greater exploration activity now and in the future, and improves the chance of a new discovery being made.

"With only about a decade of known oil resources remaining at today's production rates, Australia is looking down the barrel of a \$25 billion trade deficit in petroleum products by 2015.

"That is why the exploration that will take place in these new permits is so vital to the national interest."