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KAROON Gas plans to drill a \$50 million to \$60m well in the next three to six months to test last week's Kangaroo-1 discovery off the coast of Brazil.

The Melbourne company last week said it had encountered a 25m gross oil column at Kangaroo. But because the discovery had not been the primary target of the well, further testing in a better location is required on a find expected to be much bigger.

Executive chairman Bob Hosking said the company and effective 35 per cent partner Pacific Rubiales had decided to test the crest of the structure, where there is potentially a 350m gross hydrocarbon column, rather than flow-test Kangaroo-1.

The cost of the well, which would be an appraisal well that could support a flow test, would be funded from existing cash, Mr Hosking said.

The company is now looking for a rig to drill the well as soon as possible.

Karoon yesterday revealed more data from Kangaroo-1 that confirmed the discovery had the potential for commercial flow rates and was a light crude oil.

Shares in the gas explorer rose 33c, or 5 per cent, to \$6.48, extending gains to more than \$1 since the discovery was announced.

Toronto-based Pacific Rubiales said the data indicated the companies had made a significant discovery. "Although not the primary objective, this is an exciting discovery in our first exploration well drilled on the Karoon blocks in Brazil," chief executive Ronald Pantin said.

"At this stage we believe that the wireline testing and evaluation indicates that the Kangaroo-1 Eocene reservoir is of good quality, has the potential to flow light oil at commercial rates, and we feel very comfortable that this is a significant discovery."