

Echidna looking tasty after dry Kangaroo

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KAROON Gas Australia's much hyped Kangaroo West-1 exploration well in Brazil's offshore Santos Basin, considered the key to fast-tracking development of the Kangaroo field, will be plugged and abandoned after the well failed to intersect hydrocarbons.

Karoon says the well reached its planned total depth of 3170 metres, finding the expected thick sealing unit before penetrating a thick sequence of Paleocene to Campanian interbedded sands and shales.

The lack of hydrocarbons is attributed to a lack of oil migration charge into the structure, previously recognised as the main risk with the prospect.

The Kangaroo West-1 exploration well is estimated to cost around \$A45 million net to Karoon.

Based on the integration of well results, interpretation of new higher resolution seismic data and the material prospective resource size, the joint venture has elected to take up the first option on the rig to drill the Echidna-1 exploration well.

The Echidna prospect is located in exploration block S-M-1102, some 20 kilometres northeast of Kangaroo on the eastern flank of a salt diapir in a similar geological setting.

The 3D seismic at Echidna shows excellent seismic anomalies similar to that seen in the Kangaroo-2 appraisal well where in some reservoirs the oil water contact has been imaged, boosting confidence in the presence of oil.

Based on the new higher resolution seismic data, the faulting density in the Echidna prospect appears to be less than that seen in surrounding fields and prospects, reducing the complexity of any potential oil accumulation.

The Paleocene and Maastrichtian reservoirs in the Echidna prospect were deposited in shallower marine settings relative to other Karoon wells in the basin, resulting in an increased likelihood that cleaner and better reservoirs are present.

The net unrisked Echidna prospective resource estimate is for between 37-226 million barrels with a best estimate of 95 MMbbl.

Karoon says it believes it has a 43% chance of success.

Despite the disappointing exploration result at Kangaroo West, work at Karoon's more successful Kangaroo discovery continues to assess the potential for field development with core and fluid sampling data still coming in from the appraisal drilling.

The Kangaroo-2 appraisal well confirmed a 135m net oil-bearing reservoir section in Paleocene and Maastrichtian aged reservoir updip from Kangaroo-1, and production tests were successfully completed over the Palaeocene and Maastrichtian aged reservoirs.

After Echidna-1 the junior has one further slot on the Olinda Star semi-submersible drilling rig which could be used for an appraisal well.

Karoon holds a 65% interest in, and is operator of, the jointly held exploration blocks S-M-1037, S-M-1101, S-M-1102, S-M-1165 and S-M-1166 with Canada's Pacific Rubiales Energy (35%).

So far it has made three oil discoveries in Brazil.

Also on Karoon's dance card is the Levitt-1 well offshore Western Australia in WA-482-P, where the company will test a 110 MMbbl Carnarvon Basin oil target.