

Karoon starts Echidna FEED phase

Moving forward: Karoon has entered the FEED phase for its Echidna development off Brazil

Revised development plan approved by board which will see just three wells drilled at Santos basin development

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Karoon Gas Australia has entered the front-end engineering and design phase for its Echidna oil discovery in Brazil's offshore Santos basin.

Karoon revealed Wednesday its board had approved the development concept which consists of a leased floating production, storage and offloading facility, two extended horizontal production wells and one gas injection well.

The design concept would see infrastructure in place capable of producing at a peak rate of 28,000 barrels per day, with each well producing at a peak rate of 14,000 bpd.

Karoon [announced in November last year](#) that it was revising its development concept at Echidna and cutting back on the number of wells called for in previous concepts.

The FEED phase is expected to take roughly nine months to complete at a cost of less than A\$10 million (US\$7.9 million), with a final investment decision being targeted for the June quarter of 2018.

During FEED, Karoon will issue a request for tenders to select suppliers with the intention of contracting an engineering procurement construction and installation work package for the Echidna development.

The company is also hoping to take advantage of the recent industry downturn which has led to lower vessel utilisation rates and higher equipment inventory levels.

"This cyclical downturn has presented a window of opportunity in which Karoon expects to receive tenders that provide significant funding flexibility," Karoon said in a statement on Wednesday.

"Based on recent supplier discussions, Karoon expects to receive tenders that substantially reduce upfront capital commitments including deferred payment structures, equipment financing solutions, subsurface risk / reward sharing and equity ownership."

The company added that it was also still looking to farm down equity in the project, where it currently holds 100%, prior to the final investment decision being made.

The Echidna light oil discovery was made on Block S-M-1102 in 2015 and flowed oil at a constrained rate equivalent to 4650 barrels of oil equivalent per day from the Paleocene reservoirs.

Karoon has previously stated it hopes to achieve first oil from Echidna by 2020.