Karoon hoping on Brazil

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As an petroleum explorer rather than a producer, Karoon Gas Australia has been spared the worst of the hit from diving oil prices, although its share price is still down 42 per cent from its September high of $3.95. Yet while affected by the the negative sentiment pervading the energy sector, Karoon's timing has been fortunate. Its $US600 million ($786.74 million) cash sale of its 40 per cent interest in the Poseidon gas field in the Browse Basin to Origin Energy came before the oil price started its rapid descent and looks even better for Karoon now than it did when it was agreed last June.

The $276.4 million Karoon made on the sale helped it to a $209.1 million first-half profit and boosted cash in the bank to a healthy $680 million to kick off this year's work program. Results from drilling off the coast of Brazil have been positive for a potential development of the Kangaroo oil discovery, while crunch time is nearing for drilling at the Kangaroo West exploration prospect.

Kangaroo West, near the original discovery, is targeting a 508 million barrel resource, significantly larger than the 135 million barrels estimated at Kangaroo. Coming up in the June quarter is the Levitt well in the Carnarvon Basin with Apache, targeting a 110 million barrel resource.

On the corporate governance front, things are improving from last year, when then executive chairman Robert Hosking faced a potential board spill. Mr Hosking's dual role has since been split, with new chairman David Klingner arriving in December and Mr Hosking remaining as managing director.