

# Gas resource jumps for Norwest in Perth Basin

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ASX-listed oil and gas developer, Norwest Energy, has firmed up its gas resources at the Lockyer Deep and North Erregulla Deep prospects in the Perth Basin, pointing to a high-case, combined, prospective resource totalling 1,122 billion cubic feet of gas.

Norwest's share is 224 bcf based on its 20% ownership in the JV agreement with Energy Resources, who is the operator of the permit and holds the remaining 80% stake.

The company's gas prospects are located 30km north and on-trend with Strike Energy's recent exceptional gas discovery at West Erregulla-2, which is located in the same geological structure and sedimentary rock sequences.

Last week, Strike completed its initial flow testing for West Erregulla, which delivered an astounding 69 million standard cubic feet per day of gas via a 2-inch choke, with 700 pounds per square inch gauge wellhead pressure over a period of one hour.

Norwest said that the result further de-risks its own upcoming exploration efforts in the region.

Management said that a review of seismic data across the Lockyer Deep and North Erregulla Deep gas prospects had shown considerable amplitude "brightening" within the sought-after Kingia Formation, which is commonly associated with the presence of hydrocarbons – particularly gas - and has been observed at Strike's West Erregulla-2 well.

Strike's discovery confirmed that the Permian-age gas play opened up by the 2014 Waitsia gas field discovery extends further to the east and that extensive, high-quality sandstone reservoirs could be expected at depth within Norwest's exploration permits to the northeast of Waitsia.

The JV partners will now decide on the location of a well within the project area, which is expected to kick off in the first half of next year.

Norwest has incorporated all new porosity and column height data into its subsurface model for the gas prospects, resulting in a significant upgrade to the company's estimate of the prospective resources within the interpreted positions of the Kingia and High Cliff Formation reservoirs.

North Erregulla is now at a drillable status, according to Norwest.

Importantly, the prospects are separate structural culminations on a much larger geological structure extending across 63 square kilometres that has seen little dedicated work for hydrocarbon exploration in the past.

Earlier this month, Norwest said it had disposed of its remaining minority interest in the Jingemia Production Licence L14, located 360km north of Perth to RCMA Australia, who is a member of Singapore-based RCMA Group.

Following approval from the Foreign Investment Review Board and the WA Mines Department, RCMA will pick up Norwest's 6.278% interest in L14, via the payment of \$700,000.

The transaction will enable Norwest to concentrate its time and financial resources on the company's core Perth Basin assets in which it has material participating interests, including the Lockyer Deep and North Erregulla Deep prospects, near the producing Waitsia and Dongara gas fields.

Norwest is also looking to appraise its TP/15 Xanadu oil discovery near Dongara in WA, where it holds 25% of the project as the operator alongside Triangle Energy who retains a 45% interest and the 3C Group who controls the remaining 30%.

Xanadu is a shallow offshore oil discovery that was drilled from a coastal location in September 2017 and located south of Triangle Energy's producing Cliff Head offshore oil field.

Analysis of oil samples has indicated that Xanadu is analogous to the producing Cliff Head field.

Norwest recently completed a review of the 3D seismic for Xanadu that indicated further untapped prospective resource potential lies within and adjacent to the north and west of the seismic data and deeper within other prospective sedimentary formations.

The company is a long-time operator in the Perth Basin and the recent discoveries centred around the highly prospective “Kingia-High Cliff” sandstone structures has generated plenty of excitement around the potential of the underexplored basin, with Norwest keen to cash in on that momentum.

The renewed interest in the Perth Basin initially stemmed from AWE’s 2014 discovery of the Waitsia gas field that now boasts estimated proved and probable reserves of about 844 billion cubic feet of gas.

The region is described as Australia’s largest onshore conventional gas field.

Just this week, \$5.6b market darling, Beach Energy, revealed an impressive new gas discovery within the Kingia Sandstone at its 50%-owned, Beharra Springs Deep-1 exploration well, just 16km south of Waitsia and 15km southwest of Strike’s West Erregulla discovery.

Beach discovered a 65m thick reservoir at a depth of 3,935m, with an estimated net gas pay zone of 36m.

Norwest’s ground is considered prospective for gas in the same Kingia and High Cliff sandstones as West Erregulla-2 and could benefit from the two formations being interpreted as closer to the surface at the Lockyer Deep and North Erregulla locations.

The revitalisation of the Perth Basin comes at an excellent time for Norwest, given the substantial interest in Strike’s recent discovery and the \$700,000 settlement for its remaining stake in the L14 permit.

The company’s considerable exposure to the Kingia-High Cliff Permian gas play along with the Xanadu oil discovery both look to be promising for this ASX listed junior.

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