

Huge Lockyer Deep gas discovery bigger than expected

MINING company Mineral Resources and joint venture partner Norwest Energy believe their Lockyer Deep gas field could be bigger than expected and have outlined plans to start drilling again later in the year.



The Lockyer Deep-1 discovery well flowed 117 million cubic feet during flow testing - setting a record for the Perth Basin. MinRes, via its subsidiary Energy Resources, is operator of the field with an 80% interest while Norwest owns the remaining 20%.

On Monday, the venture revealed key findings from analysis of the discovery well with drilling cuttings indicating the gas deposit may be larger than expected.

"Semi-qualitative rock typing of drilling cuttings indicates that additional gas pay may exist, over and above the identified via preliminary petrophysical analysis, with potentially effective reservoir down to 4058 metres," Norwest said.

It also said analysis of pressure data indicated free water levels at between 4458m and 4620m.

"As a result of the estimated deeper free water level and based on Norwest's post-drill structural interpretation, the potential resource area is increased to 100 square kilometres," Norwest said.

Previous estimates of the field size were 92sq.km.

The venture has now locked in further appraisal drilling and 3D seismic to begin towards the end of the year.

The program will consist of two wells targeting the Lockyer Deep and North Erregulla Deep structures.

The first well, North Erregulla Deep-1 will test the structural high, some 8.5km southeast of the discovery well.

Norwest dubbed the well more of an exploration activity rather than an appraisal well, due to its distance from Lockyer Deep-1.

A second well, Lockyer Deep-2 will be northeast and downdip from the discovery.

A further two wells are in the planning stage, however locations will depend on the results of Lockyer Deep-2 and North Erregulla Deep-1.

In tandem with the drilling campaign, MinRes also plans to acquire 3D seismic across the permits.

This will cover not only Lockyer Deep, but also five other leads.

While production is still some way away, MinRes plans to take gas from the field to power its mine sites, displacing diesel generators.

Norwest shares were worth 3.7 cents. MinRes was trading down 5.9% at \$48.70.