

Alcoa injects \$20M for Warro evaluation

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Monday, 19 July 2010

THE Warro gas project joint venture has received a major funding boost from Alcoa of Australia for its tight gas evaluation program in the Perth Basin.

Transerv Energy, who owns a 10% interest in the Warro gas field, said Alcoa has formally committed to funding the Warro-4 appraisal well and a 3D seismic program at a cost of more than \$20 million.

The program is expected to start later this year.

In May, *PNN* reported unlisted explorer Latent Petroleum managing director Stephen Keenihan as saying the company hoped to drill the Warro-4 and record 120 square kilometres of 3D seismic before the end of the year.



Under the farm-in agreement, Alcoa is funding the evaluation program at Warro in return for a 65% interest in the project. Transerv will be free-carried for the first \$40 million of the project expenditure including Warro-4. Latent is operator and holds a 25% interest.

The Warro gas field covers 7000-hectares of the Perth Basin and was discovered by West Australian Petroleum in 1977 with the drilling of the Warro-1 well. The well penetrated a significant gas column and a follow-up Warro-2 also intersected gas.

Warro-2 was tested, however the gas flow rates were small and, at the time, the field was deemed uncommercial.

Since then, there have been significant advances in technology and the understanding of gas reservoir properties, and tight gas plays like Warro are considered commercially viable.

Last year, Latent drilled and fracture stimulated the Warro-3 well. Warro-3 flowed gas at up to 5 million cubic feet per day for seven hours before water from an underlying aquifer entered the well.

Keenihan told *PNN* the joint venture had sought advice from US tight gas specialists who confirmed the potential of the field and recommended ways to improve the fracture stimulation results and reduce the flow of water.

The joint venture plans to drill around 200 wells to produce an average of 100 terajoules per day, about 10% of the needs of Western Australia's South West.

The partners have also secured a licence to build a 150TJ pipeline to feed the gas directly into the nearby Dampier to Bunbury and Parmelia pipelines.

First production is targeted by 2012 or early 2013.

Shares in Transerv shot up 15.38% on the news morning to 1.5c.

