

Buru Energy's recent Rafael discovery could be a significant gas and condensate asset in its Canning Basin portfolio

By **Danica Cullinane** - April 8, 2022



Canning Basin oil producer Buru Energy is awaiting an independent review of its recent Rafael gas and condensate discovery in onshore northwest Western Australia.

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Oil and gas producer and explorer **Buru Energy (ASX: BRU)** is expecting an independent review of its recent Rafael conventional gas discovery in Western Australia will guide the future appraisal of what could potentially be a "very substantial" resource.

Last month the Perth-headquartered company said ongoing analysis of data from flow testing at the Rafael-1 exploration well had confirmed positive results from initial field measurements.

It is now awaiting an independent resource report from consultancy ERCE due later this month.

Buru, the dominant acreage holder in WA's Canning Basin, hopes Rafael could be a significant resource to add to its portfolio which includes the producing Ungani oilfield.

The company's exploration assets, which cover an approximate total 5.4 million gross acres in the Canning Basin, include a 50% operating interest in five permits in joint venture with **Origin Energy (ASX: ORG)** and includes the Rafael discovery.

 It also holds an operated stake in a further two petroleum permits under another joint venture with Origin and private company Rey Resources, and a 100% interest in the Yulleroo oilfield which is estimated to contain 2C contingent resources of some 714 petajoules of recoverable gas with 24.9 million barrels of associated liquids.

Producing oilfield provides income and 2022 upside

 It already receives income from the Ungani conventional oilfield, which it operates in a 50/50 joint venture with Roc Oil.

Production currently ranges between 600 to 650 barrels of oil per day with potential for increased output through the drilling of an additional development well and production optimisation of currently producing wells.

Oil is currently sold on a free-on-board (FOB) basis into the spot market under a contract with BP.

Rafael's potential as a significant gas discovery

According to Buru, tests showed Rafael-1 exploration well has an ideal gas composition with high levels of valuable condensate and a low percentage of inerts, and approximately 2% carbon dioxide content in a conventional (free flow) reservoir.

This means there will be no need for additional high-cost processing infrastructure to reduce the level of carbon dioxide in the gas prior to its sale or use.

There is also expected to be substantial emissions reduction benefits accrued during production of the resource.

Initial field measurements at Rafael-1 indicated between 38 barrels and 40 barrels of condensate, (a light oil) per million cubic feet of gas, which is similar to measurements elsewhere in the Canning Basin.

There was evidence of up to 6% ethane in the gas stream, which is an additional valuable component of the reservoir content.

Buru said the condensate volumes provide a "major commercial benefit" as condensate is a valuable form of light oil, and it is awaiting analysis of the condensate, as part of the current sample analysis program, as the specific composition can have a significant influence on the price received.

Buru executive chairman Eric Streitberg said ERCE's independent resource report will help guide the company on the future appraisal and monetisation of the Rafael discovery.

Energy transition assets including natural hydrogen portfolio

Buru is also an active player in the energy economy with interests in natural hydrogen through subsidiary 2H Resources; carbon capture and underground storage (CCUS, Project Geovault); and battery minerals (Project Battmin).

2H Resources has been granted exploration permits prospective for natural hydrogen and also monitors Buru's drilling activity for occurrences of natural hydrogen in petroleum wells. The company is intending to continue to expand its portfolio and eventually transition to being an independent entity.

Geovault is focused on building capability in carbon capture and storage in geological reservoirs, particularly in relation to projects which can be developed in association with the Buru's gas resources.

Battmin uses Buru's geological expertise to identify and acquire mineral leases in the Canning Basin with potential for lead-zinc deposits which are analogous to existing deposits in outcrop on the northern edge of the basin. Battmin intends to drill test these geological concepts during the



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Danica has extensive experience writing and editing business news in the Oceanic and Southeast Asian regions. She has written across a range of industries including oil and gas, mining, energy, science and research, retail and travel. Danica has covered small and large cap companies listed on the Australian, Singapore, Hong Kong, Indian, London and Toronto exchanges.

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