

East Timor could bag \$600 million as driller gets set for Buffalo

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East Timor could pocket just over \$600 million if the Buffalo-10 exploration well, due to be drilled late October, is successful. The operator, Australia's Carnarvon Petroleum, as well as UK partner Advance Energy, said yesterday that they have secured a jack-up drilling rig for the probe at the historic Buffalo field offshore East Timor.

Carnarvon and Advance said they have selected a jack-up drilling rig for the Buffalo-10 exploration well and a formal contact is now being finalised. All being well, drilling will start late October and the results of the probe should be available by early December.

Australian-listed Carnarvon Petroleum and UK-listed Advance Energy, are hoping to develop more than 30 million barrels of oil that previous operators, including BHP and Nexen Petroleum, appear to have left behind offshore East Timor, also known as Timor Leste.

The Buffalo oil field was originally discovered in 1996 by BHP and produced 20.5 million barrels of light oil between 1999 and 2004. BHP operated the field for two years before selling out to Nexen. Both operators failed to unlock the oil sitting at the geological crest of the field, known as the attic.

The Buffalo-10 exploration well will test the presence of the potentially significant attic oil accumulation.

Although some industry watchers are skeptical that previous operators could have missed such a large volume of oil, Advance's chief executive, Leslie Peterkin, [explained to Energy Voice](#) his rationale behind the bullish bet on Buffalo.

If the drilling proves successful and they discover some 30 million barrels of oil then East Timor could pocket about \$450 million over a five-year project life, calculates Peter Strachan, a Perth-based independent energy analyst. This is based on an oil price of \$75 per barrel with development costs pegged at \$450 million and operating costs at \$1,050 million. If development costs were less than \$450 million (\$15/barrel) then the East Timor government would receive more.

"Upside for the government could see it pocket \$610 million over a five-year project life," Strachan told Energy Voice.

Carnarvon chief executive Adrian Cook said that "the Buffalo field provides an excellent opportunity to quickly deliver a low-cost oil development that is poised to take advantage of the strengthening oil market and forecasted supply shortages."