

Rig contract signed for Buffalo-10 well

2 September 2021



Carnarvon Petroleum Limited (“Carnarvon”) (ASX:CVN) is pleased to advise that the VALARIS JU-107 jack-up drilling rig has been contracted for the Buffalo-10 drilling operations. The drilling operations are expected to commence once the rig has completed its current operations.

The rig is currently operating in the Timor Sea, around 300km from the Buffalo location, and is expected to be completing those operations in around 8 to 10 weeks time. Once these operations are complete, the rig will mobilise to the Buffalo location to commence drilling the Buffalo-10 well.



Image of the VALARIS JU-107 drilling rig

The final well timing will be subject to securing the remaining drilling support services and equipment, and joint venture and regulatory approvals, all of which are well progressed.

Carnarvon Managing Director and CEO, Mr Adrian Cook, said:

“We are delighted to have signed the contract with Valaris to drill the highly anticipated Buffalo-10 well later this year. Having secured a rig that is currently in operation is hugely beneficial in terms of the direct continuation of drilling and associated services.”

The Carnarvon team has previous experience with this drilling unit as it drilled the transformational Dorado-1 discovery for Carnarvon in 2018. Carnarvon is looking forward to similar success for the Buffalo-10 well.

The signing of the rig contract marks another significant milestone for the Company as we move towards drilling and subsequent redevelopment of the Buffalo field. The Carnarvon team looks forward to working closely with Valaris to deliver the Buffalo-10 well safely and efficiently.”

Approved by:



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Forward Looking Information

This document may contain forward-looking information. Forward-looking information is generally identifiable by the terminology used, such as "expect", "believe", "estimate", "should", "anticipate" and "potential" or other similar wording. Forward-looking information in this document includes, but is not limited to, references to: well drilling programs and drilling plans, estimates of reserves and potentially recoverable resources, and information on future production and project start-ups. By their very nature, the forward-looking statements contained in this news release require Carnarvon and its management to make assumptions that may not materialize or that may not be accurate. The forward-looking information contained in this news release is subject to known and unknown risks and uncertainties and other factors, which could cause actual results, expectations, achievements or performance to differ materially, including without limitation: imprecision of reserve estimates and estimates of recoverable quantities of oil, changes in project schedules, operating and reservoir performance, the effects of weather and climate change, the results of exploration and development drilling and related activities, demand for oil and gas, commercial negotiations, other technical and economic factors or revisions and other factors, many of which are beyond the control of Carnarvon. Although Carnarvon believes that the expectations reflected in its forward-looking statements are reasonable, it can give no assurances that the expectations of any forward-looking statements will prove to be correct.

Carnarvon Hires Valaris Jack-Up Rig for Buffalo Well in Timor Sea



Bartolomej Tomic, Editor
Bartolomej Tomic is managing editor of Offshore Engineer....

September 2, 2021



VALARIS JU-107 - Credit: Carnarvon Petroleum

Australian oil and gas company Carnarvon Petroleum has hired Valaris JU-107 jack-up drilling rig to drill the Buffalo-10 well in the Timor Sea.

"The drilling operations are expected to commence once the rig has completed its current operations. The rig is currently operating in the Timor Sea, around 300km from the Buffalo location, and is expected to be completing those operations in around 8 to 10 weeks time," Carnarvon said Thursday. Once these operations are complete, the rig will mobilize to the Buffalo location to start drilling the Buffalo-10 well.

According to Valaris' fleet status report, the Valaris JU-107, a KFELS MOD V-B rig built in 2006, is currently on a contract with Jadestone.

"The final well timing will be subject to securing the remaining drilling support services and equipment, and joint venture and regulatory approvals, all of which are well progressed," Carnarvon added.

Carnarvon Managing Director and CEO, Adrian Cook, said: "We are delighted to have signed the contract with Valaris to drill the highly anticipated Buffalo-10 well later this year. Having secured a rig that is currently in operation is hugely beneficial in terms of the direct continuation of drilling and associated services.

"The Carnarvon team has previous experience with this drilling unit as it drilled the transformational Dorado-1 discovery for Carnarvon in 2018. Carnarvon is looking forward to similar success for the Buffalo-10 well. The signing of the rig contract marks another significant milestone for the Company as we move towards drilling and subsequent redevelopment of the Buffalo field."

Carnarvon's partner in the project is Advance Energy, which recently paid US\$20 million to acquire a 50% interest in the Buffalo PSC.

The cash will be used for the drilling of the Buffalo-10 well, and will be at no cost to Carnarvon unless the well costs more than US\$20m.

The Buffalo-10 well is designed to test the presence of a significant attic oil accumulation remaining after the original development.

Buffalo

Carnarvon was awarded the WA-523-P permit, which included the previously developed Buffalo field, in May 2016 for an initial six-year term. The field was discovered by BHP in 1996 and subsequently developed using four wells drilled from a small, unmanned wellhead platform installed in 25 meters water depth, tied back to an FPSO.

Production started in December 1999 at production rates up to approximately 50,000 stb/d and terminated in November 2004 after the production of 20.5 MMstb of highly-undersaturated, light oil (53°API) from the Jurassic-age Elang Formation. All existing facilities and wells were decommissioned and removed prior to Carnarvon being awarded the permit.

Carnarvon initially focused its technical efforts on reprocessing the 3D seismic dataset using full-waveform inversion (FWI) technology.

"This work supports the interpretation of a significant attic oil accumulation remaining after the original development, based on sub-optimal positioning of early wells using poorly processed seismic data. Reservoir modeling has been conducted using the latest structural interpretation and available well data, including an extensive history-matching effort to calibrate model/well performance to production rates and water-cut development (governed by strong aquifer drive) observed during the original production period," the company said previously.

Per Carnarvon, independently audited volumetric estimates of contingent resources in the Buffalo oil field are 31.1 million barrels (2C) with low estimates of 15.3 million barrels (1C) and high estimates of 47.8 million barrels (3C).

The Buffalo project was originally situated in Australian waters, but in 2018, the Australian and Timor-Leste governments signed a maritime boundary agreement that changed the maritime boundary between the two countries, affecting the WA-523-P permit that contains the Buffalo project.

The WA-523-P exploration permit has been split in two with a portion containing the Buffalo oil field changing from its Australian jurisdiction to being exclusively in the East Timor jurisdiction.

According to Advance Energy's previous statements, Buffalo PSC has the potential to deliver production of 40,000 bopd within three years of the B-10 Appraisal Well depending on the degree of success of the drilling of the well.