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Company Announcements
ASX Limited

ACCESS AGREEMENT CLEARS WAY FOR NEW COAL SEAM GAS DRILLING PROGRAM IN THE SOUTH WEST OF WESTERN AUSTRALIA

Westralian Gas and Power (WGP) has obtained the final approval necessary to commence its new coal seam gas drilling program at the Kaloorup Road Prospect near Busselton.

Bunbury Drilling Company (BDC) will immediately begin constructing an access road and a drilling pad.

The commencement of drilling marks the completion of a long-term and detailed exploration program which began in the area in 2004 with an application to the Department of Mines and Petroleum for an exploration permit. Initial seismic was then undertaken, followed by its assessment. A more intensive program over the Kaloorup Road portion of the area in Drilling Reservation 10 delineated a structural high which is located on the western side of Kaloorup Road. It is this structure which will be tested by the drilling.

Environmental approvals were then required before an approval to drill two wells to test the prospectivity of the delineated structure could be provided from the Department of Mines and Petroleum.

Finally, an Access and Compensation Agreement had to be negotiated with the landowner who has owned the property for a number of generations.

Interest in the area was reinforced by local landowner stories of gas being found during BHP coal exploration in the area in the 1970s. In those days, coal seam gas was regarded as a hindrance to coal mining, rather than as it is today, a valuable new energy resource.

While it is a requirement for old exploration reports to be provided to the Department of Mines and Petroleum, the coal exploration report of the area proved elusive.

After extensive investigations, the original report compiled in 1974 by BHP was pieced together, confirming the local stories of gas under pressure coming from the well.

Westralian Gas and Power believes that the Kaloorup Road Prospect is the most important drilling prospect identified by the company since it was listed to explore the potential for coal seam gas in Western Australia.

Peter Briggs
Chairman