



Report points to CSG, shale potential in Canning block

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OIL Basins is turning its eyes to the 5/07-8 exploration permit in the onshore Canning Basin after releasing an independent report on the unconventional gas potential of the permit, including up to 10 trillion cubic feet of coal seam gas.

The report by consulting geologist Roger Meaney, which also covers the Backreef Area, estimates that 4.3-10tcf of CSG could be present in the Lightjacket coals within the Liveringa Formation contained in the two permits.

It also found that the Permian shales in 5/07-8 appeared to be candidates for fracturing and the production of shale gas with potential for condensate production.

"Our immediate step is to focus on the Backreef Area ... (which) actually now has a shallow CSG target and a deeper shale gas target in addition to the primary target, which is the marine channel," Oil Basins director Neil Doyle told *PetroleumNews.net* in reference to the upcoming Backreef-1 well.

He added the company will cut cores from both the CSG and shale plays to assess their ability to produce gas.

Oil Basins added in a statement the joint venture would study the use of modern gas extraction techniques such as long-reach horizontal multi-lateral wells and multiple-fracking techniques, and would also consider plans for the establishment of a domestic gas supply for the local region or for gas exports.

These include supplying feedstock to the proposed Kimberley liquefied natural gas hub at James Price Point or developing a large-scale gas-to-liquids plant near Derby.

Oil Basins was appointed CSG operator for 5/07-8 in March by joint venture partner Backreef Oil after agreeing to fund the first \$100,000 on CSG studies and independent expert assessments of the coal measures contained within the permit.

The two companies were preliminarily awarded EP 5/07-8 in 2007.

Shares in Oil Basins jumped by 48.65% this morning to 5.5c.

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