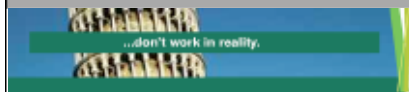




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DOMESTIC GAS

Bow pulling the right strings

Marija Stojkovic
Thursday, 27 May 2010

BOW Energy believes it will have a substantial offtake arrangement for its coal seam gas reserves in Queensland by early next year.

Speaking to *PetroleumNews.net* on the sidelines of the Australian Petroleum Production & Exploration Association conference last week, managing director John De Stefani said that while the company was not under pressure to make a development decision on getting its gas to market, a number of discussions were in progress.



A Bow Energy gas flare

"We've got discussions evolving," he said. "We feel that by early next year we can be in a position to have a substantial offtake arrangement."

Bow is working on multiple development paths for getting its gas to market including domestic power generation, domestic gas supply for industrial users and gas supply for the proposed export LNG plants in Gladstone.

"We're developing all three and we'll see where that takes us," De Stefani said. "In parallel we're building up our reserves so we'll have a substantial base and really give us the leverage to get the right deal for us.

"We're building those cases up and we'll take the best one that works out."

Bow recently increased its end of 2010 3P (proven, probable and possible) reserves target by 50% to 4128 petajoules, and also boosted its end of 2011 target to 6200PJ for 3P and 1250PJ for 2P (proven and probable).

If the gas can be economically recovered, Bow will have the potential to supply a 4 million tonnes per year LNG train for more than 25 years.

Meanwhile, De Stefani said the Blackwater 30-megawatt power station was still on track for sanction before the end of the first quarter of 2011.

The power station will use about 2PJ of gas from the Blackwater CSG field in the Bowen Basin each year and will provide Bow with ongoing cash flow while appraisal and production testing of the field is carried out.

De Stefani said he expected construction to start in August with the power station expected to come on line by March next year.

Conventional targets

While Bow's main focus is developing its Queensland CSG assets, the company is taking a fresh look at developing its conventional assets in the Cooper and Eromanga basins.

De Stefani told *PNN* the company would either develop the assets on its own or through farm-out activity.

"What I like about the oil assets is they're actually a good hedge with what we have with our coal seam gas so we'll start building that up as well as we get to a company of sufficient size to do both," he said.

Bow has a 20% interest in the Cooper Basin permit ATP 752P which contains the Wompi and Barta Blocks.

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Farm-in partner and operator Santos drilled two wells in the Barta block with the Cuisinier-1 well resulting in a new oil field discovery within the Murta Sandstone.

De Stefani said he expected the Cuisinier-1 well to start producing once flooding subsides in the basin.

A 102 square kilometre Barta 3D seismic survey was acquired to confirm the Cuisinier structure and interpretation of the seismic is in progress. Bow expects appraisal drilling will follow the seismic interpretation in the first half of 2011.

A total of 17 leads and prospects with commercial oil potential remain untested in the Barta block.

In the Wompi block, processing of 3D seismic data has been completed with interpretation and prospect high grading for subsequent drilling location selection underway.

Bow also holds a 40% interest in ATP 794P and 100% of ATP 545P in the central Eromanga Basin where it has identified Barcoo Junction North, Moothandella and Glenard as the highest ranked prospects in the portfolio.



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