

Several strings to this Bow

By Janine Martin

With the liquefied natural gas sector widely tipped to march Australia back into the embrace of a resources boom, junior gas explorers across the country are readying to ride the wave too.

Brisbane-based Bow Energy is one such explorer working hard to up its game in the coal seam gas market, while simultaneously growing its conventional oil projects in the Cooper-Eromanga basin and the Surat-Bowen basin.

With massive gas resources (Comet, Norwich Park and Gunyah blocks) that are uncontracted and ideally located to feed gas into Gladstone for LNG export, the company is well positioned to carve out its place in a sector that has become Australia's hottest energy play.

"We're pushing hard to be a major player in the upstream energy business," Bow chief executive John De Stefani said.

"Our target is to up the ante on our reserves and then move into the next phase of commercial negotiation for supplying our gas into Gladstone. That's where we see the core upside for Bow."

Bow's initial CSG reserves that have been certified this year are 19PJ of 2P (Proved plus Probable) gas and 664PJ of



Prime position: With massive uncontracted gas resources that lie close to Gladstone, Bow is well equipped to carve a niche for itself in the fast-crowding CSG-LNG space.

3P (Proved plus Probable plus Possible) gas.

The company is looking to significantly improve those figures – targeting 450PJ of 2P and 1900PJ of 3P by the end of 2010.

Mr De Stefani said Bow was confident about achieving the 3P target; the 450PJ of 2P gas would provide the greater challenge.

"The Bowen Basin is known for its variable permeability. But we have, to date, found some encouraging results at

Blackwater, which gives us a good field to push really hard on our 2P targets. Our upcoming program targets 2P reserves at Blackwater," Mr De Stefani said.

Enabling Bow Energy to take its aggressive exploration program forward is the \$20 million it has sitting in the bank, thanks to a couple of raisings and a number of options exercised earlier this year.

"The \$20 million will enable us to deliver the 2010 targets

of 4502P and 19003P within a shorter time frame; at least 12 months from now," Mr De Stefani said.

Bow is eyeing both the domestic market and the export market. The company is investigating small scale power generation for near-term cash flow and for long-term production testing and ramp up gas. It is also considering a number of offtake agreements but intends to delay firm contracts until a stronger reserves position is established.



John De Stefani

"The purpose of going after the domestic market is to prove our CSG fields. We're not going to earmark a lot of gas for this, but it will help produce an early cash flow," Mr De Stefani said.

"The larger volume of gas will be allocated for the export market. There will be a number of LNG projects that will go ahead and we want to supply gas into these as offtake arrangements.

"Supported by our conventional oil projects, Bow's growth will come from supplying gas into the export market and creating a sustainable business that will have a diversified domestic and export base." ■

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