

# Bow to enter power market

Bow Energy is attempting to raise up to \$77 million to accelerate its Queensland CSG business, in part to pay for the construction of a 30 megawatt power station based around its rapidly developing Blackwater project.

The project is 230 kilometres from the Port of Gladstone.

The company will tap institutional and sophisticated shareholders for \$40 million, while a share placement plan will target \$37 million of which \$10 million has been underwritten by Wilson HTM Corporate Finance.

Once complete Bow should have some \$95 million in cash for exploration, appraisal and development as the company positions itself to hook into the Queensland CSG-LNG industry.

## Supply

Bow's CEO – commercial, John De Stefani, said the new power plant would be supplied by CSG from the 100%-owned Blackwater field, and would provide early financial returns from the company's growing resources.

"This will give Bow near-term cash flow while we further increase our currently uncontracted reserves and evaluate longer term supply opportunities both for export and other domestic gas markets," De Stefani said.

The Blackwater project will be constructed by Clarke Energy under a turnkey construction contract utilising 10 lean burn, highly efficient 3MW GE Jenbacher gas engines with expected completion in early 2011.



*Intensive drilling within the Blackwater project has proved up a large resource.*

Clarke constructed Arrow Energy's similar Daandine Power Station in 2006.

Bow anticipates the power generation plant will require some two petajoules per annum of gas.

## Expansion

Bow has rapidly expanded its CSG reserves from its Blackwater field in the Comet block, having already certified 886 PJ of 3P gas reserves within the Rangal Coal Measures and an additional 330 PJ of 2C contingent resources within the Rangal coal seams.

Bow's 3P reserves are now 1,447 PJ, including 1,340 PJ of 3P in the Comet Block of the Blackwater project (ATP 1025P), based on independent calculations provided by MHA Petroleum Consultants.

The additional 454 PJ comes from the Burngrove Coal Measures. MHA has also certified 378 PJ of 2C resource within the Rangal and Burngrove coal seams at depths greater than 600 metres in the

south eastern corner of the Blackwater CSG field.

The upgrade from the Burngrove Coal Measures represents a 51% increase over the previous reserves.

Gas requirements for the power station represent just 2% of the available 3P reserves currently defined.

The company is targeting 250 PJ of certified 2P gas reserves from Blackwater by the end of 2010, having already substantially exceeded its 2010 3P target of 850 PJ.

## Drilling

The first two wells within the initial 6-well 2P appraisal program aimed at upgrading the 3P resources, BWP-1 and BWP-2, have already flowed free gas to surface.

Permeability has been independently confirmed by drill stem tests in the top three Rangal coal seams between 38 to 112 millidarcies.

Successful hydrofracs have been trialled over several Burngrove coal seams with post frac drill stem tests indicating moderate to high permeability increases in seams that initial drill stem testing indicated low permeability.

Bow's expects the initial 2P reserves certification on the Blackwater CSG field early in 2010.

Drilling is also about to begin on the 100% owned Norwich Park project to prove up initial 3P resources, starting with the Vermont Prospect which is targeting both Moranbah and Fort Cooper coal measures.