

Drill Force heading to Westland for Mosman programme

Felicity Wolfe Tue, 29 Apr 2014



Mosman Oil and Gas has contracted Drill Force New Zealand for its Westland exploration programme.

Drill Force will begin work on two wells, Crestal-1 and Crossroads-1, in the Kotuku permit in June. The contract also has provision for two additional wells.

Mosman director Andrew Carroll says the work will be carried out by Drill Force's truck-mounted Rig 1 unit. The permit is mostly on flat land and easily accessed by sealed roads, he says.

An advantage of Rig 1 is that it is mounted and automated so it only needs three people to operate. The machine is also versatile in that it can rotary drill and take continuous core – which Carrill says provides “the best data to understand reservoir and fluid properties”.

The wells are designed with 7 inch casing and 6 inch hole to target depth and could be used as production wells upon discovery.

“We have been in discussions since last year; the drilling contract itself is a formalisation of the excellent working relationship,” Carroll says.

Drill Force was also one of the few available contractors with both the right-sized rig and a safety case, as required under New Zealand's new health and safety legislation.

Economic case

The area in and around the Kotuku permit, PEP 38526, contains multiple seeps and evidence of oil in wells drilled from 1900 to 1910, and again from 1940 to 1986.

Find out more...

Factfile information

Organisation [Mosman Oil and Gas](#)

Resource [PEP 38526 \(Kotuku\)](#)

Apart from a well drilled by Widespread Portfolios in 2010, drilling activity in the area dried up after oil prices collapsed to USD \$12 per barrel in 1986.

“One well was drilled in 2010, but with a water well rig, and only got to 90 metres,” Carroll says.

“Now oil is over USD \$100 per barrel, it would only need a few barrels per day from each low-cost well to make production economic.”

Local reaction

Carroll says the West Coast Regional Council and local landowners have been “welcoming and co-operative” with people happy there is a new activity in the area.

The project will also be beneficial for the West Coast economy – with Mosman keen to use local contractors whenever possible.

Mosman acquired Kotuku last year after exercising an option to buy Aorere Resources out of the permit in exchange for shares. Previously it was owned by Aorere Resources – the former Widespread Portfolios business.

Around 40 wells have been drilled in or near the permit in the past, including the 2010 Widespread-1A well. This had oil shows between 21 and 90 metres, but was capped after it failed to reach 250 metres.

The oil seeps are the largest in the country and SRK, Mosman's consultants, have identified 22 potential leads.

On a prospective resources basis – where there has been no drilling to establish a discovery - SRK estimates the permit's mean unrisks recoverable resources at 26.6 million barrels. It puts the P50 estimate at 15.6 million with the P90 and P10 estimates at 4.8 million and 59.2 million respectively.

Last year Aorere exchanged the 143.6 square-kilometre permit for a stake in Mosman subsidiary Petroleum Creek Ltd., which will operate the permit.

Mosman has since exercised an option to buy out the remaining stake in Kotuku exchange for shares. Aorere now owns 11.4 per cent of the Perth-based explorer and will receive a 2 per cent royalty on any production from the permit.

Mosman, which has already satisfied seismic reprocessing and interpretation permit requirements, has until September to drill at least two wells.. It must also acquire another 40 kilometres of additional seismic data by September 2015