THE CHANGING FACE OF THE SOUTH AUSTRALIAN COOPER BASIN

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DMITRE

COOPER BASIN

Enablers:

• SA Govt’s asset management approach to acreage
• Cooper & Otway basins designated competitive tender regions
• Ready access to digital data
• Open and transparent conjunctive access agreements with Native Title claimants
• Access to multiple-use Innamincka and Strzelecki Regional Reserves
• Transparent bid assessment process
Results
• 10 acreage releases from 1998-2010, more to come
• The first 27 blocks covered ~94% vacant Cooper acreage
• 32 new PELs from ~70,000 km² acreage
• $395m guaranteed work program bids (2011 dollars)
• 70 new field discoveries so far
• $107.6m royalties
• $1.4b sales for producers
• No second bidders ‘impugned’ – integrity of work program bidding system is demonstrably being maintained
• Innovative, outcome-focussed work program compliance measures
• Increased gas supply-side competition
• Fair and sustainable RTN, ILUA access agreements developed here - models for 46 PELs across SA

Scoring system and grant
• Bids ranked by a published scoring system which establishes a ‘risked NPV in well equivalents’.
• Scoring systems adapted for each round based on density of existing exploration data and best technology to evaluate petroleum potential.
• Bids are opened and assessed promptly by two separate teams, and winners announced within a month or two – time is money!
• An access agreement is required before a PEL can be granted, either via RTN or ILUA. Agreements are conjunctive and the SA Government is a party.
Cooper Basin then and now.....

February 1998

February 1999

May 2012

CO98

Released Oct 1998 (PELs 5&6 still extant)

- Low oil price
- 11 flank blocks offered
- Oil prone, range of plays
- 41 bids from 15 applicants
- New CO99 PELs granted from 2001 after RTN process successfully concluded

Winning bids:
Guaranteed $32.7m, non-guaranteed $33.9m

Oil price from BP, 2011 Statistical Review of World Energy
CO99
Released April 1999 after expiry of PELs 5&6
• 8 core blocks offered
• more gas prone – concern about oil price
• Scoring system modified to reflect existing seismic
• range of plays
• 47 bids from 16 applicants
• New CO99 PELs granted from March 2003
Winning bids:
Guaranteed $109.9m, non-guaranteed $64.7m

CO2000
• 8 core and flank blocks
• range of oil and gas plays
• oil price increasing
• 32 bids from 10 applicants
• New CO2000 PELs granted from March 2003
Winning bids
Guaranteed $95.6m, non-guaranteed $14.0m
CO2001 and CO2002

- Former PPLs. Area 21.6 km²
- Prospects and leads
- Released after industry requests
- CO2001 had cash bidding component
- Both rounds attracted no bids
- Oil price?

Lessons learnt: blocks too small, land access uncertainties in 2001, exploration access, cash bidding was a disincentive?
Vacant acreage incorporated into CO2009

CO2003

Coongie Lakes region not included previously, pending environmental access negotiations.
CO2003 released in July 2003, oil and gas plays

5 applications
Winning bids: $20.9 m guaranteed, $6.2 m non-guaranteed
**CO2004 and CO2005, Nappamerrri Trough**

- Former Cooper Basin JV PPLs
- Tight gas and Eromanga oil potential (prior to shale gas boom)
- Oil price increasing

CO2004: No applications!

Re-offered as CO2005: 5 applications

Guaranteed $15.4m, non-guaranteed $14.4m

**CO2009 and CO2010**


- 20 bids
- Guaranteed: $107.8m
- Non-guaranteed: $47.3m

CO2010: 11 bids

- Guaranteed: $49.9m
- Non-guaranteed: $4.6m

Oil price from BP, 2011 Statistical Review of World Energy
Value of Cooper Basin ‘real estate’ has been sustained since 1998
- Core more attractive than flank, but flank ‘value’ has generally increased with new oil discoveries – flanks are now core blocks!
- Compare CO2005, Nappamerri Trough, with US shale gas properties AUD$60-100 per km² at market peak
Work program management

Variations:

• Some companies have changed work programs to substitute a well equivalent amount of 3D seismic for drilling, substituted 3D for the 2D originally bid.

• Substitution of an acreage drop proportional to work not completed late in the first 5 year term of a PEL - relinquished acreage goes back into the mix for new releases, providing turn-over and access by other explorers.

• No second bidder has been ‘impugned’

• All variations to work programs are made public via the online SA License Register.

Seismic and drilling since 2000

Santos JV very active in PPLs – 3D and drilling

‘New entrants’ – pushing further out on basin flanks, 3D and drilling

Massive effort on western margin

More large 3D surveys coming
Cooper drilling since 1959

Cooper Basin drilling from 2002
Stuart (Senex) Acrasia 1 (2002)

Cooper Basin region raw oil production

New explorers limited by trucking, pending new oil pipelines

Acrasia 1

Cooper Basin oil exploration well

Oil discoveries

Oil price from BP, 2011 Statistical Review of World Energy

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WHAT WE KNOW NOW BUT DIDN’T KNOW THEN –

New plays since 1999:

- Western flank oil play
- Eromanga strat traps
- Shale gas
- Deep coal seam gas
- Tight gas – pin point fracs

Warburton Basin plays?
Others?

2012 onwards

- All but three of the original 27 PELs are in their second term
- PEL 111 relinquished acreage to be offered at Good Oil Conference as CO2012 release
- Further releases are being planned based on upcoming relinquishments & expiries
Questions for consideration

• Industry input to map the best possible future for the SA Cooper Basin continues to be welcomed by DMITRE Energy Resources Division.

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