

# Wildcat country could host hidden Highlands play

Newport Energy is hoping capital markets have recovered sufficiently to provide it with \$10 million in funds from its initial public offer to develop one of the world's most frontier wildcat plays.

Newport wants to develop a hydrocarbon hunting business within 16,752 square kilometres of acreage between Port Moresby and the south eastern tip of the Papuan Peninsula.

Until last year the area was written off as moose pasture.

The company's PPL 326 within Papua New Guinea is described as "a genuine pioneering opportunity", a completely undrilled location in the Eastern Papuan Basin with potential not only for condensate-rich Elk-Antelope style reef plays but a structure that is said to bear all the hallmarks of Oil Search's prolific Highlands oil and gas fields.

## Rare opportunity

Managing director David William told *Oil&Gas Gazette* that the offer was being managed exclusively to broking houses rather than retail investors and that he was confident the company would reach its target.

"It is unusual. There's not much going on in the way of new oil and gas floats going on, and the nature is a rare opportunity to participate in a new basin right at the grassroots level."

PPL 326 is a large tectonic plate zone which has never been drilled and has seen almost no seismic coverage.

Past exploration in PNG focused on the older sedimentary rocks such as those in the Highlands, whereas PPL 326 contains younger rocks, metamorphic rocks and volcanic rocks which are generally less likely to produce reservoirs capable of sealing oil and gas.

The area was only highlighted by a speculative survey shot by Fugro of which just a small portion extended into the area now covered by PPL 326.

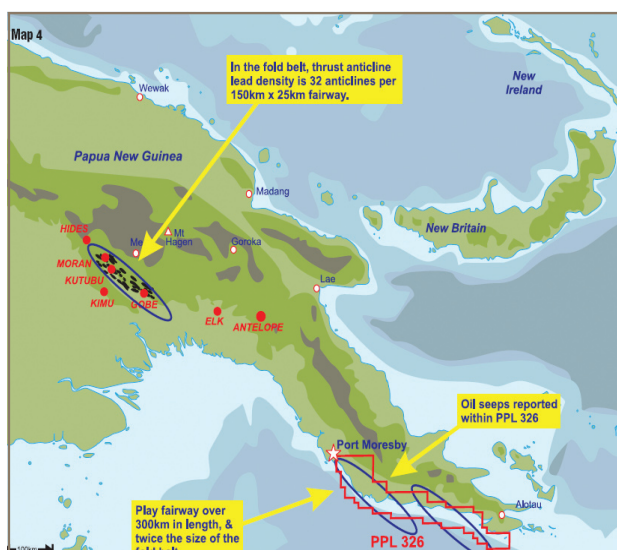
Newport purchased rights to a portion of the data set comprising 460 km of new data, 88 km of reprocessed data and 18 km of scanned data and was lucky enough to spot sub thrusts and anticlines.

A single poor quality 1970s era regional seismic line is the only other data in the area.

## Highlands lookalike

Williams compared it to a buried Highlands structure and said there was potential for significant discoveries in the area. Reported oil seeps in the area suggest hydrocarbons are being generated in an area that is large enough to contain the entirety of the Highlands oil and gas fields several times over.

Newport believes that the geological structures within PPL 326 have potentially more fold areas than the productive north western Fold Belt thrust.



A new, undrilled basin is believed to lie in the south-east of PNG.

In the northern western Papuan Fold Belt thrust the anticline lead density is 32 anticlines in a 150 km by 25 km fairway. PPL 326 has a play fairway over 300 km in length and twice the size of the north western Fold Belt thrust.

The block appears to be rife with potential structures so Newport's role over the next six years is to find the most prospective areas and ensure they are locked away from any required relinquishment.

The existing seismic offers an interesting starting point, and Newport's plan will be to boost the data coverage around prospective offshore area.

"We're going to have our hands full," Williams said.

"The main things we are finding are the obvious reefal structures, similar to Elk/Antelope, but we find the thrusts and anticlines more interesting. These are very similar, almost identical, to the Kutubu and Hides oil-gas fields."

There are some nine identified play types which appear to replicated over the entire block possibly by drilling several wells to intercept multiple targets.

"We'll probably go hell-for-leather in the next 6-12 months, getting all of the relevant data and building up a regional picture," Williams said.

"We'll fly the whole block with aero magnetics, gravity, elevation. We'll go and look at these reported oil seeps, we'll do some sampling and mapping onshore to add to this picture, and then we'll shoot the offshore seismic."

Some 47%, or 7,802 sq km of the block, is onshore with the balance, some 8,950 sq km, being in shallow waters offshore with about half of the water depths in the Coral Sea up to 200m deep. The maximum depth is 1,900m.

Williams said the offshore areas were the site of the most promise.

## Parent

Newport's parent company, UK-based Newport Mining, specifically formed the junior oiler to take advantage of Asian oil and gas opportunities.

The estimated cost of Newport Energy's minimum work commitments are some \$37 million over the first four years and include 300 km of new seismic, a well or stratigraphic well in years 3-4 and a second well in year five.

The minimum \$10 million sought in the initial public offer will be used to define drillable prospects before the company hits the farm-out trail in year three, Williams said.

Newport will be led by chairwoman Kay Philip. Former Blue Energy executive Michael Swift, who was one of the first to recognise the play, has taken a role as exploration manager.

The board will be rounded out by Graham Holdaway and company secretary Andrew Cooke.