

Data shows emerging province keeps getting better

After four years of work, sparked by a chance discovery on an overlooked seismic line, Larus Energy believes its asset in Papua New Guinea just gets better.

So far Larus has identified an aggregate unrisks resource of 62 trillion cubic feet of gas-in-place and 990 million barrels of in-place liquids within the 16,752 square kilometre PPL 326.

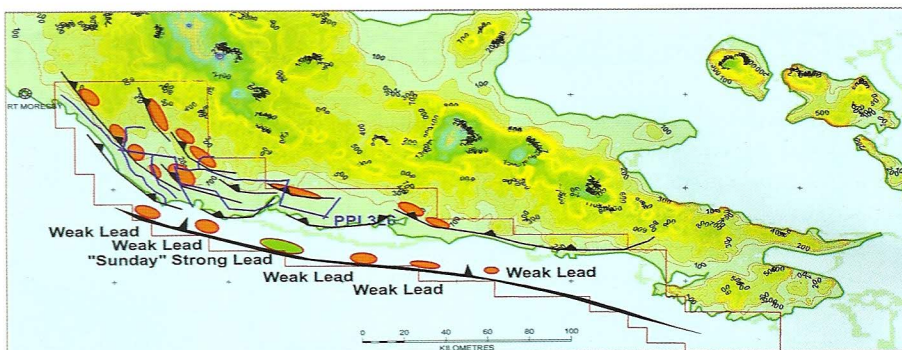
The company believes it has identified the new Torres Basin, what appears to be a buried lookalike of the productive Highlands province, but at least twice the size.

PPL 326 appears to have all of the known existing plays in the Papuan Basin.

More work

Larus has swapped out a commitment well next year for more seismic, freeing it up until an offshore commitment well until 2016.

Before that point is reached the privately-held oiler will pour over the results of the Abau OBC transition zone seismic survey to work up a series of prospects and leads so it can hit the farm-out trail.



Seismic is helping tell the basin's story.

The main target to have emerged so far is the massive 40-km-long Sunday anticlinal prospect, which was first spotted on the vintage seismic line, and is the reason Larus applied for the block in the first place.

Using the Hides field as an analogy, Larus says Sunday could host 9.4 tcf and 148 mmbbl of condensate, but it is just one of 35 leads and prospects noted so far.

The wildcatter believes there is a direct hydrocarbon indicator in the buried hills around Sunday, and that it can now explain why there have never been oil and gas seeps at surface in the area.

The seismic suggests there is 800 metres of Pliocene clay rich sediments washed down from the Owen Stanley Range that is providing a seal.

In the immediate future Larus wants to tighten up the offshore seismic, complete an extension to the 2012 Abau shallow water seismic survey, and then hopefully find a partner to drill its well.

Gippsland

Larus is not only defined by PNG. It owns 100% of VIC/P63, VIC/P64 and T/46P, which cover 8,300 sq km of under-explored Gippsland Basin acreage.

The company has put some effort into shooting 1,500 km of new 2D seismic to try to understand the prospectivity of the blocks, and secured some 8,000 km of seismic for free from the Victorian Government.

A drill or drop decision is due for each of the blocks due in March 2013.

Otto seeks partners for delayed tests

The Philippines remains vital to oil producer Otto Energy as it plans for the expansion of the Galoc oil field and the drilling of several high-impact targets.

While Otto has drilled just one exploration well since entering the nation in 2005 it expects that to change with BHP Billiton (60%) seeking a deepwater rig to drill two wells in SC 55 (Otto 33.18%).

Response

The Cinco prospect has a similar seismic response to the nearby Malampaya field and potential for 2.1 trillion cubic feet of gas and about 74 million barrels of condensate.

The second farm-in well could either appraise Cinco or test the nearby Hawkeye prospect. Extensive seismic within the almost 10,000 square kilometre Palawan Basin block has defined numerous large leads and prospects in what Otto believes is an untested new hydrocarbon fairway. Direct hydrocarbon indicators are observed in



Contractors laying shot holes on Leyte Island.

multiple locations, and there are multiple independent play types to test should Cinco not be commercial.

Otto is also planning to revisit the aborted Duhat prospect on Leyte Island within SC 51 (40%) where drilling was terminated early in 2011 due to unstable hole conditions and over-pressured gas in the shallow section.

Otto says the San Isidro anticline remains a valid target and it will shoot 100 km of new seismic to define a more

optimal location for Duhat-2.

Otto also has drilling aspirations for SC 69 (79%) where it has recently received an extension for drilling of a well before May 2015.

The large Lampos and Lampos South reefs are the most likely targets as they are adjacent to a prognosed source kitchen in the Calangaman Trough and could host a combined mean unrisks in-place volume of 290 mmbbl.

Expansion

On the production front a decision is imminent on the Galoc Phase 2 development to its life beyond the next five years.

In Tanzania, Otto has entered the Kilosa-Kilombero and Pangani blocks (50%) over some 34,000 sq km of the East African Rift Valley.

With Swala Oil and Gas (50%) it is shooting airborne gravity and magnetic surveys to confirm the presence of a sedimentary basin.