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Norwest Energy has high hopes for Perth Basin oil find



The Cliff Head oil project in the Perth Basin

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Norwest Energy has made the first offshore oil discovery in the Perth Basin for 15 years at its Xanadu-1 well, where it says it found reservoir quality sand intervals and oil shows over a 330m section and 4.6m of net pay in one of three sand intervals.

But despite the discovery causing internal excitement about what will be revealed in a planned horizontal side well, shares of Norwest and its locally listed partners, Whitebark Energy and Triangle Energy, have slumped.

At 1pm (AEST), Norwest was off 38 per cent, Whitebark was off 6 per cent and Triangle was down 19 per cent.

The fall in shares was variously attributed to short-term punters taking profits, concerns a capital raising was on the way, or a focus on the relatively small net pay rather than other news in the announcement.

Norwest chief executive Shelley Robertson said the well had missed the crest of the discovery, meaning a better-directed sidetrack well was expected to produce strong results.

“The main thing from the announcement is we have these stacked high-quality reservoirs all with oil shows, and it is dipping up to the north, where we want to drill a leg out and where we are sure we will find better quality sands and oils,” Ms Robertson said.

“The oil shows across the three sands means oil has been all the way through there, and we’re expecting to find it in the northern end of the prospect.”

Ms Robertson is planning to do a presentation later in the week to flesh out the significance of today’s announcement.

Norwest said it would lodge an official discovery notice with the West Australian government.

The discovery, made from a well drilled on shore that then turned to access Xanadu (which is just 1.3km offshore), is the first in the Perth Basin since the Cliff Head discovery in 2002 (now operated by Triangle Energy), from where 15 million barrels of oil have so far been produced.

Norwest said the results indicated the Xanadu field had similarities, including the same source rock, to Cliff Head.

If oil can be commercially produced, it will have a quick and relatively inexpensive path to market through the existing Cliff Head infrastructure.