



Picture: Getty

Xanadu oil analysis expected to provide links to next door Cliff Head field

Resources

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Unlike the Olivia Newton John musical spectacular, the Western Australia Xanadu-1 well keeps giving: sample analyses are expected to show it's on par with a neighbouring producing field.

Xanadu is operated by Norwest Energy (ASX:NWE), but joint venture partner Triangle Energy owns the neighbouring offshore Cliff Head field which produces about 1300 barrels of oil a day.

“Further analysis of oil samples obtained from Xanadu-1 expected to substantiate Cliff Head analogue with oil assay results expected by end of week,” Norwest said.

Wireline logs — electronic feeds taken from inside the well — confirm reservoir-quality sand intervals, with three different areas with high oil and gas saturations of between 41 and 66 per cent.

After a big run last week, however, investors sold down the stock on Monday.

At the close of trade, Norwest shares were down 37.5 per cent to 0.5c

Last week Norwest jumped 75 per cent to 0.8c after reporting signs of hydrocarbons — an indicator of oil or gas — at the Xanadu-1 site.

The share prices of Triangle, Norwest and the other listed JV partner Whitebark Energy (ASX:WBE) have been forecasting this kind of result since drilling began.

Triangle’s shares are up 100 per cent since drilling began on September 5 to 21c, Norwest has also doubled to 0.8c, and Whitebark is up 78 per cent to 1.6c.

A third JV partner is unlisted 3C Group IC Limited.

“Xanadu-1 was not initially designed to be completed as a producing well,” Norwest said. “[But now] a side-track well similar to Cliff Head-1 is considered an excellent option.”

The Xanadu-1 well is an offshore well, but drilling from on onshore site.

As part of the Xanadu-2 well planning process the partnership is investigating whether to buy more seismic data over the Xanadu field.

“A better understanding of the oil trap at Xanadu will now allow the joint venture to re-examine its inventory of undrilled prospects,” Norwest said.

“The proof of oil charge to Xanadu and the geochemical studies of the oil collected at Xanadu-1 will allow for a clearer understanding of the oil migration pathways within the permit and a better estimate of pre-drill risk for the undrilled prospects.”