

CENTRAL PETROLEUM

RESOURCESTOCKS

SMART OPERATOR TAKES CENTRE STAGE

Having access to onshore hydrocarbon assets half the size of Texas offers some comfort. But this company is not resting on its laurels, working hard to make a major strike in central Australia.

THAT'S CERTAINLY THE mood surrounding Australian oil and gas player Central Petroleum.

And the future looks bright, if a new report on one of the company's massive holdings in central Australia is anything to go by.

An independent unconventional reservoir resource assessment of the Arthur Creek Formation in the southern Georgina Basin, spanning the Northern Territory and Queensland, has concluded that the 24,000 square kilometre permit applications contain a total mean prospective recoverable resource of five billion barrels (Bbls) of oil and 33 trillion cubic feet (Tcf) of gas.

Central's permits and applications in the southern Georgina and the Amadeus Basin in southern NT have now been independently assessed as containing 6Bbls of oil and 59Tcf of gas in technically recoverable prospective resources – a 16Bbls of oil equivalent.

And Central Petroleum managing director John Heugh told *RESOURCESTOCKS* there was much more, including a JORC exploration target of over 300 billion tonnes of coal above 1000 metres depth in the nearby Pedirka Basin.

"That makes it probably the

biggest coal tonnage in contiguous holdings under one company roof in the world," Heugh said.

The company is planning accelerated drilling and exploration programs for both conventional and unconventional oil and gas plays in the Amadeus and Pedirka basins, where it has already had success with four out of five wildcat wells.

"This year's liquids-focused drilling campaign has already kicked off, with re-entry of the Surprise-1 well and flow testing beginning last month," Heugh said.

The results to date and the fact that Central's 270,000sq.km-plus is the largest holding of prospective onshore acreage in Australia, mostly 100% operated in the NT, give the lie to its "junior" classification.

To put that in perspective, its holdings cover an area nearly half the size of Texas, including the majority of the Amadeus Basin in the NT, the Pedirka Basin in the NT and South Australia, all of the known Lander Trough in the NT, just north of the Amadeus, and about 25,000sq.km of the southern Georgina Basin nearby.

According to the new report from ex-Santos specialist David Warner's DSWPET, Central's recoverable resources in its southern Georgina permit applications are comparable

to the well-established Bakken and Barnett shale plays, which are rapidly assuming a dominant position in onshore North American oil and gas production.

"Canadian and US companies are leading the charge in the early exploration of unconventional resources in Australian frontier basins," Heugh said. "Exploration and farm-in plans announced by Rodinia Resources, Hess Exploration, PetroFrontier, TME Resources and others have excited interest in these very large regional frontier basins."

Internationally renowned reservoir consultant Ryder Scott Petroleum Consultants recently outlined 27Bbls of prospective recoverable oil in the PetroFrontier areas of the southern Georgina Basin contiguous with Central's ground.

Central's prime aim is oil and liquids production. "Always has been, always will be," Heugh said.

To that end the company is upping its exploration program over the next 12 months, focused on re-entry and testing of Surprise-1 in EP115 in the western Amadeus Basin for oil potential in both conventional and unconventional horizons.

This work is also likely to include further seismic ahead of future drilling of a number of play types in the Surprise and nearby Johnstone West-1 well areas.

Surprise-1 was seen as a significant success, despite being suspended for re-entry and deepening into the main Pacoota Sandstone target zone due to a drilling rig problem.

However, a core taken in the lower Stairway Sandstone, a primary target above the main objective zone, showed close to 100% fluorescence



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attributed to the presence of oil.

Independent tests concluded the cored zone had potential to flow at up to 1000Bbls a day, although confirmation requires logging and flow testing.

While the nearby Johnstone West-1 well failed to flow oil to surface on test, Heugh said oil intersected there indicated the well was drilled in a transition zone between oil and water.

"In addition to that, there is much more potential up dip and to the east in the giant structure," Heugh said.

Oil shows at Johnstone West-1 and at Surprise-1 have pushed the most westerly occurrence of oil within the Amadeus Basin much further west than any previous oil occurrence.

Heugh also wants to drill the company's 400sq. km Mt Kitty gas and condensate prospect later this year.

The 3Tcf gas, condensate and 350Bcf helium prospect is located in the Amadeus Basin near the South Australian border.

To the east, Central is planning to drill Madigan-1, the first well on a giant structure in the Pedirka Basin near the South Australian border, which has potential for more than four billion barrels of oil-in-place based on preliminary mapping of new seismic acquired in 2010.

Coal-to-liquids projects based on the very successful South African techniques are also under consideration.

The recent signing of a formal partnership with Allied Resource Partners (ARP) tasked with bringing finance and technical assistance towards the development of an initial 60,000bbl/day underground coal gasification to gas-to-liquids project is seen as a major milestone for the company.

"We announced plans to have other groups fund and manage coal monetisation strategies to the completion of bankable feasibility studies and project finance," Heugh said.

The ARP team aim to have commitments from a range of funders derived from sovereign wealth funds, major finance houses and Big Oil completed within 12 months.

"They ultimately aim to produce up to three million barrels of liquids per day – a number which would not only make Australia self sufficient in ultra-clean transport fuels but a net transport fuel exporter," Heugh said.

Subject to a range of possible financial, joint venture and farm-out arrangements, the broad plan is for



an initial liquids-focused drilling program involving both conventional and unconventional drilling targets, as well as 2D seismic with additional 3D seismic over promising areas.

Later programs will develop potential for gas and gas monetisation such as gas-to-liquids and gas-to-liquefied natural gas.

Central's early projects and prospects are well serviced for infrastructure, with the Adelaide-Darwin rail link running right through its interests capable of transporting about 20 million tonnes per annum and able to be expanded.

Similarly, the existing Mereenie/Palm Valley pipeline can carry 50Bcf gas a year, is capable of being converted to liquids, and has easements that would allow the addition of another gas or oil pipeline to dramatically expand capacity.

The Mereenie and Palm Valley fields in the Amadeus Basin have already produced over 20Mbls of oil and 0.5Tcf gas from existing known resources. The Northern Territory Geological Survey has estimated up to 6Bbls of oil equivalent (35Tcf gas equivalent) unrisks recoverable hydrocarbons remain in the Amadeus alone.

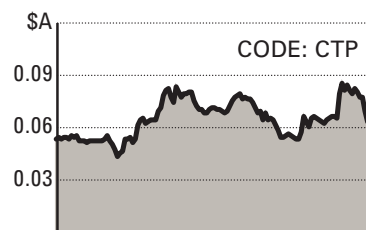
Heugh said the company was seeking potential large, joint venture participants with the financial capacity and will to explore Central's vast prospective acreage.

And so far, things are looking good – with the company receiving numerous expressions of interest, including state-owned and international major interests.

– **Samantha Cairns**

Traditional owners consulting with Central Petroleum at the Johnstone-1 well site area

CENTRAL PETROLEUM AT A GLANCE



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MARKET CAPITALISATION

\$A56.97 million (at press time)

QUOTED SHARES ON ISSUE

982,298,800

MAJOR SHAREHOLDERS

National Nominees 5.2%

Renlyn Bell Investments 1.41%

JP Morgan Nominees 1.4%

CIMB Securities (Singapore) 1.29%