Central Petroleum Ltd. Half Year Accounts

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Perth, Australia (ABN Newswire) - The last half year has been an exciting period for Central Petroleum Ltd. (ASX:CTP) (OTCMKTS:CPTLF) in which the strategy of becoming a major domestic gas producer quarantined from oil price fluctuation made substantive progress. This strategy recognises that the key to achieving actual value for the 88% of its acreage (23,703,376.1 acres) that is gas prone is to create a pathway to the gas market.

The strategy uses as its precedence the enormous value accretion to the Queensland CSG acreage holders that occur as and when the access to market became apparent to its shareholders. In 2002, Queensland was not connected to the Southern market, the Queensland market apparently was to be supplied by the PNG Gas Pipeline and the total domestic consumption of gas in Queensland was substantially less than 100 PJ pa. With each step in creating the market for Queensland's own gas however, the value of the CSG assets multiplied.These steps included building of power stations, foundation contracts for CSG, the demise of the PNG Pipeline, the connection of Queensland to Moomba via Ballera and finally the advent of the LNG industry.

Central is potentially at the beginning of an analogous journey to a destination unknown. The Dingo contract to sell gas for power generation in Alice Springs and the Palm Valley contract are the present foundation contracts. We have recently announced Early Gas Sales arrangements under the Dingo contract and the completion of the hydro testing phase of the Dingo Project. When the electricals and instrumentation position reaches completion, regulatory approvals to operate will be sought. Pleasingly, the Dingo Project is not only on time but also nearly 10% below the Debt Financing Limits for the Project. This has released around $2.5 million of the undrawn facility towards the Gas Acceleration Project (GAP) further enhancing the value of the Palm Valley and Dingo fields.

The main goal of the gas strategy is to facilitate the connection of our Northern Territory Gas Fields to the eastern seaboard gas markets. Most analysts see prices for domestic gas strengthening to record highs around 2017-18 regardless of the actual price for oil.

The Northern Territory Eastern Gas Interconnect ("NEGI") achieved major milestones in the half-year to 31 December 2014. The Council of Australian Governments ("COAG") endorsed NEGI and appointed the NT Government as the co-ordinator for the project. The NSW & NT governments signed a MOU in respect of NEGI and Stage 1 of the process saw exceptional interest in NEGI from potential participants. Towards the end of March we expect the announcement of the 3 short-listed candidates.

Notwithstanding such progress in the domestic gas markets the December Quarter saw a savage reaction to the oil price drop being delivered in equal measure to both oil-exposed companies and gas exposed companies. No recognition was afforded to the fact that consistently, and inexorably, Central Petroleum had become a domestic-gas-focussed company. For example, the initial announcements of the Santos and Total Farm-ins were gas focussed and Santos had subsequently moved to Stage 2 of its farm-in on the gas-prone acreage. Central had entered into a Framework Agreement with Incitec Pivot Ltd for a potential sales of up to 15 PJ pa. The acquisition of the Magellan assets meant that on the completion of the Dingo Project, Central's main source of revenue would be from gas with its pricing indexed to inflation. In the panic occasioned by the oil price collapse all of the above counted for naught. It is pleasing to note the eventual market correction that began in February.The company has been able to enter the 2015 year in a sound financial condition. As referred to in Note 1 of the Financial Statements the accounts have been prepared on a "going concern" basis validating the actions taken by the company in early December of a 40% reduction in headcount. This means that any fundraising in the next 12 months will only occur if there is an overwhelming value proposition for such funds. The last 3 years of tight fiscal discipline has paid off.

Highlights for the half-year reporting period and up to the date of this Report

- Southern Georgina Joint Venture begins two well unconventional exploration drilling programme with Whiteley 1 and Gaudi-1;

- Central awarded Pipeline Licence for Dingo gas field;

- Approximately 40km of high pressure composite pipeline from the Dingo Gas Field to Brewer Estate installed as part of the Dingo Development Project;

- Santos commits to Stage 2 of Southern Amadeus Joint Venture.

- COAG endorses Northern Territory Gas Interconnect Process (NEGI) and 14 companies express interest;- Central Petroleum enters into Framework Agreement with Incitec Pivot to supply up to 15PJ per annum from 2017 subject to certain conditions centered around NEGI and includes a provision for funding support;- Company focus on increasing gas reserves through Gas Acceleration Project (GAP) aimed at supplying a domestic gas shortfall;

- Dingo Development on time, under budget and fully funded by debt;- Surprise Oil Field averaged 173 BOPD for the six month period with approximately 98% uptime (i.e. produced every day); and

- Gaudi #1 unconventional gas well results encouraging and being evaluated.To view the full report, please visit:
http://media.abnnewswire.net/media/en/docs/ASX-CTP-712402.pdf

About Central Petroleum Limited:

Central Petroleum Ltd. (ASX:CTP) (OTCMKTS:CPTLF) is an ASX listed junior exploration and production company operating the largest holding of prospective onshore acreage in Australia totalling over 270,000 km2, c.70 million acres. This acreage includes permits already awarded and acreage under application with 250,000 km2 under the Petroleum Acts and 20,000 km2 under the Mining Acts mainly in the Northern Territory with smaller holdings in Western Australia, South Australia and Queensland.

Contact:

Central Petroleum Ltd.
T: +61 (0)7 3181 3800
F: +61 (0)7 3181 3855
www.centralpetroleum.com.au