

Central Petroleum Limited (ASX:CTP) Managing Director John Heugh Video Interview

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Perth, Australia (ABN Newswire) - Central Petroleum Limited (ASX:CTP) ('Central') has pleasure in announcing a Finance News Network video interview broadcast with Central's Managing Director, John Heugh, is timed to go live at 10.30am WST Thursday 16 February 2012.

To view the video interview, please cut and paste the following link into your web browser:
<http://centralpetroleum.com.au/newsroom.php>

TRANSCRIPTION OF FINANCE NEWS NETWORK INTERVIEW WITH CENTRAL PETROLEUM LIMITED MANAGING DIRECTOR, JOHN HEUGH

Clive Tompkins: Hello Clive Tompkins reporting for the Finance News Network. Joining me from oil and gas explorer Central Petroleum to discuss its recent capital raising is Managing Director, John Heugh.

John welcome back. First up, how much did you raise and where will the funds go?

John Heugh: Recent fund raising, a share purchase plan and a top-up placement raised about \$10 million - \$9.9 million to be precise. Those funds less commissions are earmarked for appraisal of the Surprise prospect in the western Amadeus Basin.

Clive Tompkins: And John the work you're doing at Surprise will be an extended production test. What are you looking to confirm?

John Heugh: Well the extended production test first of all, will give us some idea of a stabilised flow rate. We have had the initial production testing; we've got a fair idea that this well should produce approximately 400 barrels of oil a day, but for how long we don't know. We don't have enough information of drawdown pressures.

We're also contemplating using a down-hole pump in the extended production test. We have a situation where we have a low gas oil ratio, maybe there's not a good gas drive on this particular prospect. There could actually be a good water drive but we don't know the answer to that. So there's all sorts of detailed information we can get to enable us to predict how long the well will flow for, at what flow rates from the extended production test. But I think one of the major things we'll discover is how much cash flow we can generate from producing oil at this particular prospect, from the first well.

Clive Tompkins: So how long will the test run?

John Heugh: Well we would like it to run from six to 12 months. Extended production testing in the Cooper Basin is usually allowed by the Government to run for between six to 12 months.

That's a Government decision. It's also a decision if you want, of the prospect itself, we don't know how long it's going to flow for. We hope actually that the flow might increase as the well cleans up. According to international consultants that we talk to, it's very common for horizontal wells to clean up progressively and deliver more production as time goes by.

Clive Tompkins: John during the extended production test, you'll no doubt be able to make a decision on going to full production. When do you anticipate this will occur?

John Heugh: Well look there are three things that we're doing at Surprise in the initial appraisal. As I said, we are planning an extended production test, we are planning a second well and we are planning a 3D seismic survey. So we don't know the exact sequence of events but by July or August this year, we should have approximately four to five months of flow statistics up our sleeves. We could have drilled a second well by then and we could have also done a 3D seismic program.

So by July or August this year, I would say we should be in a very good position to plan a fullscale development of this field, if that is warranted. We'd like to think it will be, the early indications are very, very strong but we don't know for sure, there are no guarantees until this work has been carried out.

Clive Tompkins: And assuming the extended production test produces the results that you anticipate. How long will it take to receive a Production License and what's involved in the process?

John Heugh: Well look, the process firstly in an extended production test is very simple - an application to the Government, an Environmental Management Plan to the Central Land Council and to the Government. And so we hope to complete that process by April this year, and be in production and sales by April this year from the extended production test.

Now if we're successful in running this well and flowing it from six to 12 months, we'd like to apply for a Production License in that period. And say, by early next year, follow through in a seamless transition from an extended production test into a Production License.

The processes involved in Production License are very similar to the extended production test, but much more detail is required including an Environmental Management Plan. Of course transport logistics studies, permits from the Central Land Council and from the Northern Territory Government; and of course, a very detailed environmental impact statement.

Clive Tompkins: And John, what sort of CAPEX are we talking about to develop Surprise?

John Heugh: That's too difficult a question to answer at this stage. We do know that in an area of approximately less than one square kilometre, our reservoir engineers are telling us we may have between a half to two million barrels of oil in that area. That area being less than one square kilometre, one well might drain that area successfully. And the total area involved at the Surprise prospect per se, is approximately five square kilometres. Now mathematically that of course gives the idea of about five wells.

However there is, we think, some considerable up-dip oil potential along the nose of the structures. Surprise is situated at the end of a long nose that comes down from a salt intrusion, down into the kitchen. So if that particular structure is filled to spill, obviously there's a lot more up-dip potential and there could be in fact, tens or even scores of wells required for that particular development. Early days, we can't really say whether that's the case or not.

Clive Tompkins: And John, a more general question now. What is the significance of what you've achieved here in Central Australia?

John Heugh: Very simply, I mean looking at this; this is the first significant flow of oil to the surface in Central Australia since the mid-1960s when the Marini oil field was discovered. Secondly, it is I believe the first horizontal well in Australia to produce oil to surface, so that is of major significance. Thirdly, this oil well produced oil flow to surface in an area where we know there are thousands of square kilometres of mature sediments for the generation of oil. And the centre of this area is about 200 kilometres distance from Marini.

So we've pushed back the boundary of known oil flow to surface or known production potential, a further 200 kilometres west. So the significance really here I think, is that we're on the verge perhaps of opening up a whole new petroleum province.

Clive Tompkins: A final question John. Can you give us an update on progress towards listing on the Toronto Venture Exchange?

John Heugh: Sure. We've completed most of the corporate compliance issues before us. We have signed off on a management agreement with Canaccord Genuity and Cormark, two of Canada's leading investment houses, to jointly manage a listing on TSX Ventures Exchange.

This is important to us because the Toronto Stock Exchange oil and minerals sector or the resources sector generally, is about five times the size of the ASX.

So we know that the eurozone financial crisis has to be sorted out to some extent before we get full confidence in the markets returning to the North American scene. When that happens, we think we'll be in a

position to list very quickly. When is that going to happen? I don't know, but we're looking at maybe April this year as a period in which we would be mounting a big push to get listed on the Toronto Stock Exchange.

Clive Tompkins: John Heugh, thanks for the update.

John Heugh: Thank you very much Clive.

About Central Petroleum Limited:

Central Petroleum (ASX:CTP) is an ASX listed junior exploration and production company operating what is regarded as the biggest package of prospective acreage in Australia.

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