

Strata-X Farms Out the Serowe CSG Project

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Up to 7 Appraisal Wells and 3 Multi-well Production Pilots

- Strata-X executed Heads of Agreement with BotsGas Pty Ltd (“Botsgas”) for a staged farm-out program designed to de-risk the Serowe CSG Project and, if successful, prove sufficient reserves to secure a foundation Gas Sales Agreement (GSA).
- If all stages are progressed, BotsGas will fund 100% of the estimated costs to drill, complete and test up to 19 wells subject to any cost overruns that will be shared between the parties.
- The 19 well farm-out includes 7 appraisal wells and 3 multi-well pilots designed to prove commercial gas flows and define material gas reserves.
- If all stages (for a total of 19 wells) are completed and tested, Botsgas will earn up to a 49% interest in Strata-X’s tenements in Botswana..
- The success of this farm-out should allow predictable paths to progressively convert the multi TCF of Prospective Resources certified in the Serowe CSG Project to gas reserves.

ASX disclosure note - 5.28.2 - Prospective Resources - The estimated quantities of petroleum that may potentially be recovered by the application of a future development project(s) relate to undiscovered accumulations. These estimates have both an associated risk of discovery and a risk of development. Further exploration appraisal and evaluation is required to determine the existence of a significant quantity of potentially moveable hydrocarbons

Brisbane, March 5, 2020 - The directors and management of [Strata-X Energy Ltd.](#) (TSXV:SXE) (ASX:SXA) ("Strata-X" or the "Company") are pleased to announce that Strata-X has executed a Heads of Agreement with Botsgas Pty Ltd ("Botsgas"), a private Australia based company with strong ties to the Republic of Botswana to accelerate the appraisal and development of the Company's Serowe CSG Project.

The executed Heads of Agreement allows for the drilling of one firm vertical well with staged options for an additional 18 vertical wells, which includes 6 additional appraisal wells and up to 3 production pilots designed to prove commercial gas flows and add material reserves.

The Company will retain operational control of the project for the foreseeable future and expects to commence field operations early in the second quarter of 2020.

The main focus of the farm-out will be Strata-X's high-grade area of the Botswana CBM Fairway. This area is interpreted to contain, on average, 10 metres net Serowe bright-coal seams over a 50 metre interval with high gas saturations up to 100%. A third party has certified 2.38 TCF prospective gas resource within Strata-X's tenements in the high-grade area.⁽¹⁾ This interpretation is re-enforced with the results of the Company's 19B-1 well drilled in 2019 by Strata-X and a nearby historic core hole data, which bubbled free gas from the target bright-coals.

The 19B-1 well intersected 18 metres of net coal with 12 metres of multi seam bright coals having up to 100% gas saturations. After the drilling of 19B-1, an area immediately surrounding the well was certified to contain 2C Contingent Resources of 23 Bcf of natural gas.

Staged Farm-out Program

The first farm-out well under the Heads of Agreement is located about 4 km from 19-B-1. The well, called

Botgas-19-B-2, will be drilled and cased to the top Serowe bright coals, then drilled 60 metres through the Serowe coals and under reamed over the Serowe coals open interval. Temporary flow test equipment will be used to carry out a short term continuous and controlled draw down test designed to determine water flows from the coals and induce gas breakout. Botsgas is required to fund the first well as a minimum program to an approved budget of up to US\$300,000. If the cost of the initial well exceeds US\$300,000, then Strata-X will be required to fund the costs in excess of that amount.

Stage 1B is to drill and flow test an additional 6 appraisal wells (~4km to ~30 km from other wells) within Strata-X's high-grade area with the target to prove material 2C/3C resources to justify the first Stage 2 production pilot.

Stage 2 is the first production pilot designed to prove gas flow rates. The pilot will include an additional 4 wells located around one of the 7 appraisal wells drilled in Stage 1 with about 400 metre spacing between each well. All 5 wells in the pilot will be equipped with downhole and surface equipment plus water handling facilities to allow for a long term (3 to 6 months) controlled continuous drawdown flow test to be carried out to determine gas flow rates.

Stages 3 and 4 are two addition production pilots, each comprising 5 wells. Botsgas has the option to use one or more of the production pilot wells as appraisal wells if required to add reserves.

Conditions

The initial Stage 1A requires payment by BotsGas of the budgeted costs within 45 business days from the date of the Heads of Agreement and for Strata-X to then commence the drilling program within 60 days of receipt of funds. If the program is not commenced within that 60-day period, Strata-X must refund to BotsGas the funds received.

At the end of Stage 1A, BotsGas then has a 30-day period in which to elect to proceed with the farm-out for the undertaking of Stages 1B, 2, 3 and 4 or to withdraw from the arrangements. The progression of the farm-out will also be subject to several conditions precedent including satisfactory due diligence by BotsGas and Board approvals of the terms of the farm-out agreement. These conditions must be satisfied by 15 June 2020. The parties must also execute a formal farm-out agreement based on the terms contained in the Heads of Agreement by 30 June 2020 otherwise any dispute over the terms of the farm-out agreement will be referred to expert determination.

If the farm-out proceeds, BotsGas will have the option at the end of each stage to elect to proceed to the next stage or to end the farm-out arrangement. Once BotsGas elects to proceed with a stage then Strata-X and BotsGas must complete the stage within a 12 month period.

Each stage must be fully funded by BotsGas up to a capped cost which has been agreed between the parties on the basis of the estimated budget for each stage. Strata-X will only need to provide funding if there are cost overruns, which contribution will be made on the basis of 51% from Strata-X and 49% from BotsGas.

Earned Interest

BotsGas will not earn any interest in any of the Strata-X tenements until it completes Stage 1B (drill and flow test 7 appraisal wells) and elects to proceed with Stage 2. If Botsgas elects not to proceed with Stage 2 or otherwise fails to fund Stage 2 as required under the farm-out then Botsgas will not earn any interest in any tenements. If BotsGas does complete Stage 1B and elects to proceed to Stage 2, then it will earn a 25% interest in all of Strata-X's Botswana tenements (subject to on-going requirements).

If BotsGas funds and completes Stage 2 and elects to proceed to Stage 3, it will increase its interest to 49% in the tenement which is the subject of that first pilot program.

If BotsGas funds and completes Stage 3 and elects to proceed to Stage 4, BotsGas will increase its interest

to 49% in the tenement which is the subject of that second pilot program.

If Botsgas completes all stages of the farm-out then Botsgas will increase its interest in all of the Strata-X tenements located in Botswana (not just those which are the subjects of the pilot programs) to 49%, with Strata-X retaining a 51% interest in those tenements.

If BotsGas does not proceed to or fund Stage 3 or Stage 4, it can elect to retain a 49% interest in the tenement which covers the Stage 2 completed pilot program but BotsGas will otherwise relinquish the 25% interest that it has previously earned in Strata-X's other Botswana tenements.

During all stages of the farm-out arrangements, Strata-X will be the Operator of the Project and retain no less than a 51% interest in the Serowe CSG Project, and retain that position upon commencement of any joint venture which follows the completion of Stage 4 (subject to meeting its share of on-going funding under the terms of the joint venture).

Strata-X will announce the timing of the first farm-out well once funds and contractors are secured.

The Company holds 4,784 KM2 (1,129,000 acres) over the Serowe CBM Project with a certified Prospective Resource of 6.05 TCF.⁽¹⁾

By order of the Board of
[Strata-X Energy Ltd.](#)

About Strata-X

Strata-X is a Brisbane, Queensland, Australia based company and is engaged in the business of CBM exploration and appraisal in Queensland, Australia and the Republic of Botswana. Strata-X has 107,538,318 common shares outstanding and trades under the symbol "SXE" on the TSX-V and "SXA" on the ASX.

About BosGas

BotsGas Limited is an Australian oil and gas exploration and development company focused on opportunities for natural gas in the form of coal-bed methane (CBM) in Botswana. BotsGas and SXA share the same vision of gas underpinning a transition to cleaner energy solutions within southern Africa.

www.botsgas.com

The Company's target is to establish material gas reserves while jointly pursuing off-take agreements for the Strata-X/Botsgas joint ventures gas resources in Botswana. BotsGas plans to list on the ASX in 2021 with a CBM off-take agreement in place with IK Holdings (a CBM-to-power company), targeting Botswana's domestic market hungry for reliable clean energy as well as market gas and power to neighboring South Africa in the future

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This announcement was made in Canada for the TSX.V and in Australia for the ASX.

Public documents for [Strata-X Energy Ltd.](#) can be found at SEDAR (Canada) (www.sedar.com) and ASX.com.au (Australia).

(1) Prospective and Contingent Resources figures are from an audit report prepared by Timothy Hower of MHA Petroleum Consultants, a qualified independent reserves auditor, dated and effective 10 May 2019 following MHA's audit in accordance with the COGE Handbook of the available technical data including the geological interpretation, information from relevant nearby wells, Company drilled wells, analogous reservoirs and the proposed program for the Project, prepared and presented to MHA by Strata-X. Tim Hower is a member of the Society of Petroleum Engineers and has consented to the resources estimates in the context they appear. Stated Prospective and Contingent Resources are based on, and fairly represents, information and supporting documentation prepared and/or audited by, or under the supervision of Timothy Hower. Prospective Resources are those quantities of petroleum estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development project. Prospective Resources have both an associated chance of discovery and a chance of development. A high level of uncertainty exists with the Prospective resources given the lack of historical drilling, available data and other productivity factors that limit the economic viability of coal seam gas deposits. The reports Prospective and Contingent Resources are over Prospecting Licenses Strata-X holds for methane production the Republic of Botswana. Actual sales from the Prospecting License cannot begin until converted by Strata-X election and environmental filings to the Republic of Botswana. Stated Prospective Resource figures are Best Estimate estimated using deterministic method – unrisked, undiscovered natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project and are derived from coal characterization data from the 19B-1 well comprised of 10 net metre of coal, gas saturation yields of 120 cubic feet per ton, coal density of 1.7g/cm and using a 75% recovery factor. Stated Contingent Resource figures are Best Estimate – natural gas quantities and net of a royalty and are shown at a 100% working interest in the Project and are derived from coal characterization data from the 19B-1 well comprised of 10 net metre of coal, gas saturation yields of 120 cubic feet per ton, coal density of 1.7g/cm and using a 75% recovery factor. Contingent Resources stated are estimated using low, best and high analytical inputs, using deterministic method. Contingent Resources were extrapolated over an area of 15km² using the coal characterization of the 19B-1 well which area assumes consistent coal characterization as seen in the 19B-1 well over this area. Contingent Resources stated are prevented from being reserves until sufficient production tests are carried out and to date these tests have not been carried out. The total costs associated with establishing the commerciality of this project are unknown at this time given the early stage of the Project's development. There is no certainty that any portion of the Prospective Resources will be discovered, if discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. The 19B-1 well is located at Long22.9541/Lat-22.1804 and the fully cored historical Botswana government well named ML-1 is located at Long 25.9299/Lat-22.1793.

FORWARD-LOOKING STATEMENTS

This news release contains forward-looking statements, which relate to future events or future performance, including but not limited to, the completion and size of the Placement, receipt of regulatory approvals and timing thereof, the Corporation's business strategies and plans for the use of such Placement proceeds, capital expenditure programs and estimates relating to timing and costs, and reflect management's current expectations and assumptions, including, but not limited to the timing and receipt of necessary regulatory approvals and third party approvals and completion of the Placement and stability of general economic and financial market conditions. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe", and similar expressions is intended to identify forward-looking statements. Such forward-looking statements reflect management's current beliefs and are based on assumptions made by and information currently available to the Company. Readers are cautioned that these forward-looking statements are neither promises nor guarantees, and are subject to risks and uncertainties, including imprecision in estimate capital expenditures and operating expenses, stock market volatility, general economic and business conditions in North America and globally, risks associated with liquidity and capital resource requirements, that may cause future results to differ materially from those expected and the forward-looking statements included in this news release should not be unduly relied upon. See also "Risks Factors" in the Company's Annual Information Form available on SEDAR at www.sedar.com. Those factors are not, and should not be construed as being exhaustive. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances save as required under applicable securities legislation. This news release does not constitute an offer to sell securities and the Company is not soliciting an offer to buy securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

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