

Central Petroleum Limited: Mereenie and Palm Valley Reserves Upgrade

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Brisbane, Australia - [Central Petroleum Ltd.](#) (ASX:CTP) (FRA:C9J) (OTCMKTS:CPTLF) is pleased to announce a 16% upgrade of Proved and Probable (2P) oil and gas reserves across its three producing fields in the Northern Territory.

Key points

- The upgrade means that after accounting for FY2020 production, there is an increase of 22.5 petajoules equivalent (PJE) in aggregate 2P oil and gas reserves to 161.2 PJE as at 30 June 2020.
- The reserve upgrade was driven by strong field performance across the portfolio and the exceptional performance of the PV13 well since it was commissioned in May 2019.
- The additional reserves provide a significant revenue opportunity for Central with east coast gas markets anticipated to strengthen in the medium term.
- Confirmation of 105 PJ of 2C contingent gas resources which could potentially be unlocked by a proposed Stairway appraisal program at Mereenie and additional infield wells at Palm Valley (similar to PV13).

Central Petroleum Oil and Gas Reserves and Resources as at 30 June 2020

Since the 30 June 2019 reserve report, Central's production assets in the Northern Territory have benefitted from the following technical data:

- Strong field performance over 18 months of elevated production following commencement of the Northern Gas Pipeline in January 2019; and
- Exceptional production performance from the PV13 appraisal well which was brought online in May 2019.

The additional production data has been incorporated into a comprehensive reservoir modelling study at Mereenie and Palm Valley which has led to enhanced forecasting capabilities and the upgrade in certified reserves.

The 30 June 2020 Mereenie and Palm Valley reserves and resources have been independently certified by internationally recognised petroleum consultants Netherland, Sewell & Associates, Inc.

Contingent resources: pathway to production

In addition to the upgraded reserves, the 105 PJ of 2C contingent resource at Mereenie and Palm Valley represents a significant gas resource which could be brought into production and connected to existing production facilities at relatively low cost.

As part of the proposed Amadeus exploration and appraisal program in 2021, Central is seeking to implement a new approach to appraise production from the Stairway Sandstone (Stairway) at Mereenie. Subject to Mereenie JV approval, this approach would utilise lateral drilling from existing wells at locations that had prior observed gas shows while drilling through the Stairway. This results in lower costs, lower technical risk and higher opportunity for success. This appraisal activity is targeting a material new gas resource which could significantly increase the gas produced from the Mereenie field with minimal investment required in the existing production facilities.

At Palm Valley, the PV13 horizontal well in the Pacoota Sandstone (Pacoota) continues to show excellent performance, with more than 2.6 PJ of gas recovered over 13 months and the well only recently intermittently coming off a 7 TJ/d plateau that was limited by wellhead facilities. Importantly, the performance of this well has accomplished what was intended, which was to demonstrate that additional gas reserves could be economically accessed from the Pacoota through lateral drilling.

Central are seeking to capitalise on the PV13 success through a smarter approach of drilling future laterals

from existing wells to access poorly connected portions of the Pacoota reservoir. The first of these laterals is intended to be drilled from the same wellbore as the proposed PV Deep exploration well. Subsequent laterals are intended to be drilled from already existing PV wells. Using existing wellbores is anticipated to result in significantly lower costs than the PV13 well. In addition, gas produced from these laterals can be easily connected to existing Palm Valley production facilities with limited investment in infrastructure required.

Subject to Mereenie JV approval and the current farmout process, both the Stairway appraisal and the lateral from the PV Deep exploration well are targeted for drilling in 2021, with production available for a marketing window from 2022 which continues to see strong interest from domestic term contract customers.

Summary

"This reserve upgrade demonstrates the strength of our operating assets, which continue to provide a critical foundation for Central during the current market downturn," said Central's CEO and Managing Director, Leon Devaney.

"Importantly, we see resilient prices for term gas supply from 2022, with the recent drop in sector investment likely to accelerate these supply/demand dynamics. Consistent with this view, we are targeting our significant 2C resources through new and smarter approaches to Stairway appraisal and in-field laterals at Palm Valley. Combined with our exploration program, our Range Gas Project and active farmout process, Central is continuing to build momentum towards achieving our vision to become a major gas supplier into the domestic market," added Mr Devaney.

To view tables and figures, please visit:

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About Central Petroleum Limited:

[Central Petroleum Ltd.](#) (ASX:CTP) is an oil and gas explorer and producer listed on the Australian Securities Exchange focused on supplying the domestic gas market. Central is advancing several separate projects across what is regarded as the biggest package of proven and prospective oil and gas acreage across central Australia. This spread of assets gives Central multiple options for growth and development. 88% of this land being gas prone has led to the Company's focus on becoming a major domestic gas producer.

Source:

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