Falcon Oil & Gas Ltd. - Operational Update - Kyalla 117 N2-1H ST2

25.11.2020 | GlobeNewswire

Falcon Oil & Gas Ltd.

(“Falcon”)

Operational Update - Kyalla 117 N2-1H ST2

25 November 2020 - Falcon Oil & Gas Ltd. (TSXV: FO, AIM: FOG) provides an update on exploration activity in the Beetaloo Sub-basin, Northern Territory, Australia following the successful hydraulic stimulation of the Kyalla 117 N2-1H ST2 well (“the Well”).

As announced on 4 November 2020, flowback operations of the fracture stimulation fluid commenced in early October before the Well was shut in and production tubing was successfully installed, with flowback operations recommencing in late October.

The Well continues to flow back fracture stimulation fluid, with some gas shows; however, a measurable gas breakthrough that would allow the commencement of extended production testing to assess the extent of the resource that may be present has yet to occur.

Data collected and analysed to guide ongoing operations is showing greater pressures in the horizontal section of the Well than in the surrounding reservoir, due to the saline content and density of the flowback fluid and the hydrostatic column weight of this fluid in the vertical section. This pressure difference can prevent the flow of gas from the reservoir into the fractures and then to surface and it is not unusual in shale plays to observe the salinity and density of the flowback fluid to increase as salt easily migrates from the formation.

Operations are now being planned to re-enter the Well with coiled tubing and apply nitrogen lift techniques to lower pressures in the Well and assist with achieving and sustaining gas breakthrough that, if successful, will allow extended production testing to commence. This technique is not uncommon and was applied to the successful Amungee NW1-1H well in 2016.

The timing of coiled tubing activities and the nitrogen lift are being considered as the wet season approaches, with health, safety, environment and cost considerations in mind. If a decision is made to temporarily shut-in the Well, operations will resume in early 2021.

As is the nature of exploration and appraisal, Falcon and its partner, Origin, are continually responding to the data gathered through operations to inform ongoing activities.

Other data collected to date remains positive. In particular, core analysis indicates mature hydrocarbons and good permeability (natural pathways for gas to flow) and mud logs indicate liquids rich gas. The fracture stimulation of the well was successful and the integrity of the well remains.

Further updates will be provided to the market as appropriate.

Philip O’Quigley (CEO of Falcon) commented:

“Based on all the technical data gathered from conventional cores, sidewall cores, DFIT’s and extensive wireline logging, together with the successful completion of the hydraulic fracture stimulation, we remain optimistic about the potential outcome of the production test. While we have not had a successful flow rate to date, our ongoing goal is that the planned Well activities will support a successful outcome”

Ends.

CONTACT DETAILS:

Falcon Oil & Gas Ltd.	+353 1 676 8702
Philip O'Quigley, CEO	+353 87 814 7042
Anne Flynn, CFO	+353 1 676 9162
Cenkos Securities plc (NOMAD & Broker)	
Neil McDonald / Derrick Lee	+44 131 220 9771

This announcement has been reviewed by Dr. G?bor Bada, Falcon Oil & Gas Ltd.’s Head of Technical Operations. Dr. Bada obtained his geology degree at the E?tv?s L. University in Budapest, Hungary and his PhD at the Vrije Universiteit Amsterdam, the Netherlands. He is a member of AAPG.

About Falcon Oil & Gas Ltd.
Falcon Oil & Gas Ltd. is an international oil & gas company engaged in the exploration and development of unconventional oil and gas assets, with the current portfolio focused in Australia, South Africa and Hungary. Falcon Oil & Gas Ltd. is incorporated in British Columbia, Canada and headquartered in Dublin, Ireland with a technical team based in Budapest, Hungary.

Falcon Oil & Gas Australia Limited is a c. 98% subsidiary of Falcon Oil & Gas Ltd. Falcon Oil & Gas Australia Limited and a wholly-owned subsidiary of Origin Energy Limited (ASX: ORG) (“Origin Energy”) are joint venture partners in respect of the Beetaloo project.

For further information on Falcon Oil & Gas Ltd. please visit www.falconoilandgas.com

About Origin Energy
Origin Energy is a leading Australian integrated energy company. Origin is a leading energy retailer with approximately 4.2 million customer accounts, has approximately 7,500 MW of owner and contracted power generation capacity and is also a large natural gas supplier. Origin is the upstream operator of Australia Pacific LNG, which supplies natural gas to domestic markets and exports LNG under long term contracts.

www.originenergy.com.au

Glossary of terms
DFIT Diagnostic fracture injection test
LNG Liquefied natural gas
MW Megawatt
Origin A wholly owned subsidiary of Origin Energy Limited (ASX: ORG)

Advisory regarding forward looking statements
Certain information in this press release may constitute forward-looking information. Any statements that are contained in this news release that are not statements of historical fact may be deemed to be forward-looking information. Forward-looking information typically contains statements with words such as “may”, “will”, “should”, “expect”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “projects”, “dependent”, “potential”, “scheduled”, “forecast”, “outlook”, “budget”, “hope”, “support” or the negative of those terms or similar words suggesting future outcomes. In particular, forward-looking information in this press release includes, but is not limited to, comments made with respect to the type, number, schedule, stimulating, testing and objectives of the wells

to be drilled in the Beetaloo Sub-basin Australia, plans to re-enter the Well with coiled tubing and apply nitrogen lift techniques and the likelihood of such operations being successful, the prospectivity of the Middle Velkerri and Kyalla plays and the prospect of the exploration programme being brought to commerciality. This information is based on current expectations that are subject to significant risks and uncertainties that are difficult to predict. The risks, assumptions and other factors that could influence actual results include risks associated with fluctuations in market prices for shale gas; risks related to the exploration, development and production of shale gas reserves; general economic, market and business conditions; substantial capital requirements; uncertainties inherent in estimating quantities of reserves and resources; extent of, and cost of compliance with, government laws and regulations and the effect of changes in such laws and regulations; the need to obtain regulatory approvals before development commences; environmental risks and hazards and the cost of compliance with environmental regulations; aboriginal claims; risks and uncertainties associated with wellbore or reservoir conditions; inherent risks and hazards with operations such as mechanical or pipe failure, cratering and other dangerous conditions; potential cost overruns, drilling wells is speculative, often involving significant costs that may be more than estimated and may not result in any discoveries; variations in foreign exchange rates; competition for capital, equipment, new leases, pipeline capacity and skilled personnel; the failure of the holder of licenses, leases and permits to meet requirements of such; changes in royalty regimes; failure to accurately estimate abandonment and reclamation costs; inaccurate estimates and assumptions by management and their joint venture partners; effectiveness of internal controls; the potential lack of available drilling equipment; failure to obtain or keep key personnel; title deficiencies; geo-political risks; and risk of litigation.

Readers are cautioned that the foregoing list of important factors is not exhaustive and that these factors and risks are difficult to predict. Actual results might differ materially from results suggested in any forward-looking statements. Falcon assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward looking-statements unless and until required by securities laws applicable to Falcon. Additional information identifying risks and uncertainties is contained in Falcon’s filings with the Canadian securities regulators, which filings are available at www.sedar.com, including under "Risk Factors" in the Annual Information Form.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.