

# Central Petroleum Limited: Quarterly Activities Report

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Brisbane, Australia - [Central Petroleum Ltd.](#) (ASX:CTP) (FRA:C9J) (OTCMKTS:CNPTF) Quarterly Activities Report and review of operations for the quarter ended 31 December 2022.

## Highlights:

- Palm Valley drilling success: The Palm Valley 12 P1 lateral well was successfully completed, tied-in to the Palm Valley processing facilities and flowing gas to market at greater than 10 TJ/day from late November.
- New gas sales agreement: A new gas sales agreement for the sale of 0.55 PJ of gas to South32 over two years from 1 January 2023 was executed.
- Cash balance at the end of the quarter was \$13.7 million, compared to the \$15.6 million balance at 30 September 2022:
- Lower net operating inflows of \$0.2 million (before exploration and finance costs) as the temporary closure of the Northern Gas Pipeline (NGP) restricted sales volumes and annual insurance and staff incentives payments were made.
- \$0.8 million of capital expenditure, being mainly sustaining CAPEX.
- Net finance payments of \$1.0 million after \$1.0 million was drawn down under the expanded finance facility.
- Sales volume was down 8% on the previous quarter at 1.07 PJe (Petajoule equivalent) as the temporary NGP outage extended until mid-December, preventing spot gas sales to east coast customers for most of the quarter.
- Sales volumes are expected to rebound in the March quarter as the NGP is now fully operational and Palm Valley gas production has been boosted following commissioning of the new PV12 well in late November.
- Unit sales prices across the portfolio decreased from the extraordinary spot market-driven peaks of the previous two quarters to an average of \$6.78/GJe (Gigajoule equivalent), as Central was unable to access east coast customers and spot markets due to the NGP outage.
- Sales revenue of \$7.2 million for the quarter was down 23.2% from the September quarter reflecting the lower volumes and softer realised prices.
- Debt facility increased by two separate tranches of \$6 million to fund increased production across Central's Amadeus Basin gas projects. An initial \$1 million was drawn down to activate the first tranche in December with the second tranche remaining subject to satisfaction of certain conditions precedent.
- Net Debt was \$16.8 million at 31 December, up from \$15.1 million at the end of September reflecting the lower cash balance.
- Strategic Review: The Board initiated a strategic review of Central's asset portfolio, growth strategies and capital structure. RBC Capital Markets was appointed as advisor and is working with Central to assess various options to realise value for shareholders.

## Message from Managing Director and CEO

"The final quarter of 2022 brought a mix of new challenges and opportunities for Central Petroleum, and I think on balance, it's fair to say we've ended the quarter in a better position than where we started.

In early October we conducted the first flow test from the final appraisal lateral of our PV12 well at Palm Valley which had been unsuccessful in reaching its deep exploration target and we have been very happy with the results so far. The well has flowed gas in excess of 11 TJ per day, well above our pre-drilling expectations. The well was successfully tied-in to our Palm Valley facilities and has been flowing gas to

customers from late November.

This well has boosted gas production at Palm Valley from 5.5 TJ/d towards the facility maximum of 15 TJ/d in January (Central's 50% interest: 7.5 TJ/d). This extra production will provide welcome cash flow for Central in coming months and also provide new gas supply for Australian customers. The performance of this well should allow Central to book new gas reserves around mid-year and supports the drilling of more wells at Palm Valley to target additional gas reserves.

After the many challenges encountered during the exploration drilling part of the program, this is a very welcome outcome.

We started the quarter with the Northern Gas Pipeline (NGP), our gas transportation route to eastern markets, closed by the operator for safety reasons related to low flow rates, limiting our non-firm gas sales to customers in the Northern Territory. Fortunately, we were able to redirect most of our non-firm gas to users in the NT to minimise the impact of this pipeline outage on Central's sales volume over the quarter.

Notwithstanding these sales, the disruption to the NGP did mean our overall gas sale volumes and revenues for the quarter were down on previous quarters which had benefitted from record market prices. With the NGP reopened from mid-December and the Palm Valley production volumes now double that of November, we expect revenues to rebound in the March quarter.

The Board and management continues to work with RBC Capital Markets to assess various opportunities to crystallise value for shareholders. I'm sure our shareholders will appreciate that a measured approach to these activities is necessary and it would be counter-productive for us to speculate on timeframes or outcomes at this time.

At the same time, however, in parallel with the strategic review, we continue to work to create value through our portfolio of assets. Plans are progressing to increase capacity at Mereenie within the next twelve months through recompletion of existing wells and new development wells, subject to final joint venture approval. To fund this activity, we successfully agreed an expansion to our debt facility by up to \$12 million in December in two equal tranches of \$6 million, with the second tranche remaining subject to conditions precedent before being able to be drawn down.

Preparations continue for the three Amadeus Basin sub-salt exploration wells planned to start later this year. With the Peak Helium farmout providing critical funding for this program, final commitment to these wells is linked to outstanding regulatory approvals which are expected in the first quarter of 2023.

We continue to prioritise our resources on activities which are more likely to realise value for shareholders and will surrender some of our large exploration portfolio - specifically, our interests in the Southern Georgina Basin in western Queensland and the Ooraminna Retention Leases in the Amadeus Basin. The previous results in these permits, coupled with the changing regulatory regime and high financial commitments have led us to conclude that our efforts and resources should be focussed on our other opportunities. Similarly, we have allowed our arrangements to support the proposed Amadeus to Moomba gas pipeline to lapse and will revisit these once we better assess changes to the regulatory regimes and results become available from the subsalt exploration program.

The volatile energy markets of mid-2022 led the Federal Government to introduce a framework for capping gas prices going forward. Given that Central's gas is largely contracted for 2023, no material impact on revenue is expected at this stage, noting that the Price Order will be reviewed in mid-2023 and the \$12/GJ price cap is greater than Central's current average realised portfolio price (\$6.78/GJ in the December quarter). Central is seeking further clarification of the new regulations to support contracting gas for 2024 and beyond.

So we start 2023 on a positive note, with the increased production from our PV12 well being sold into a strong gas market and with commencement of a major sub-salt exploration program to look forward to this year. We look forward to sharing our progress with shareholders as the year advances."

\*To view the full quarterly report, please visit:  
<https://abnnewswire.net/Ink/RO5Y951U>

About Central Petroleum Limited:

[Central Petroleum Ltd.](#) (Central) is a well-established, and emerging ASX-listed Australian oil and gas producer (ASX:CTP). In our short history, Central has grown to become the largest onshore gas producer in

the Northern Territory (NT), supplying industrial customers and senior gas distributors in NT and the wider Australian east coast market.

Central is positioned to become a significant domestic energy supplier, with exploration and development plans across 180,000 km<sup>2</sup> of tenements in Queensland and the Northern Territory, including some of Australia's largest known onshore conventional gas prospects. Central has also completed an MoU with Australian Gas Infrastructure Group (AGIG) to progress the proposed Amadeus to Moomba Gas Pipeline to a Final Investment Decision.

We are also seeking to develop the Range gas project, a new gas field located among proven CSG fields in the Surat Basin, Queensland with 135 PJ (net to Central) of development-pending 2C contingent resource.

Source:

[Central Petroleum Ltd.](#)

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