

Falcon Oil & Gas Ltd. - Stellar IP30 Day Flow Rates Advances the Beetaloo to Pilot Development

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[Falcon Oil & Gas Ltd.](#)
("Falcon" or "Company")

Stellar IP30 Day Flow Rates Advances the Beetaloo to Pilot Development

26 February 2024 - [Falcon Oil & Gas Ltd.](#) (TSXV: FO, AIM: FOG) is pleased to announce that the Shenandoah South 1H (SS-1H) well in EP117 achieved commercial IP30 flow rate of 3.2 MMcf/d (normalised to 6.4 MMcf/d over 1,000 metres), significantly higher than pre-drill expectations.

Highlights are as follows:

- The SS-1H well in EP 117 achieved an average 30-day initial production (IP30) flow rate of 3.2 million cubic feet per day (MMcf/d) over the 1,644-foot (501 metres), 10 stage stimulated length within the Amunee Member B-Shale, normalised to 6.4 MMcf/d over 3,281-feet (1,000 metres).
- Results from the SS-1H well significantly exceeded pre-drill expectations and achieved what Falcon and its partners believe to be above the commercial threshold required to progress the Beetaloo to pilot development during 2024, subject to funding and key stakeholder approvals.
- Exit rate trajectory after the 30 days of flow testing showed a steady low declining curve at 2.9 MMcf/d over the stimulated length (normalised at 5.8 MMcf/d per 3,281 feet) and stable reservoir back pressure of 575 psi.
- The IP30 flow test extrapolates to ~19.5 MMcf/d for proposed future 10,000-foot (3,000 metres) development wells, in line with some of the highest flow rates achieved in the US Marcellus shale.
- The geological rock properties at SS1-H, indicative of favourable well performance, met or exceed that of the US Marcellus shale, including reservoir pressure, effective porosity and gas-in-place. This creates the potential to result in long-term, low decline gas production, ultimately leading to very significant estimated ultimate recovery per well (EUR).
- Results to date confirm that this region measuring more than 1 million gross acres below 8,850 feet (2,700 metres) is one of the best locations in the Beetaloo Basin to commence pilot development activities.
- Flow testing of the SS-1H well will continue for the next 60 days to achieve average IP90 flow rates to better determine the well's EUR. IP90 flow rate results are expected to be announced in April 2024.
- The Beetaloo JV Partners of Falcon and Tamboran B2 Pty Limited will now progress development plans for the proposed 40 MMcf/d Pilot Project at the Shenandoah South location. The project is expected to require six 10,000-foot development wells initially to achieve plateau production of 40 MMcf/d. Drilling of the first of these wells is planned to commence in Q2 2024 and the JV is targeting first gas in H1 2026.
- At the end of January 2024, Falcon held ~US\$5 million in cash and has the benefit of a further A\$16.67 million gross (~US\$2.5 million net Falcon) carry to support immediate activities.
- Falcon is funded to commence drilling of the initial two wells in the program and will evaluate opportunities to support funding the remaining capital commitments to reach first production, including issuance of equity and/or debt, evaluation of pre-payment for gas from the proposed pilot project and potential farm-down opportunities.

Philip O'Quigley, CEO of Falcon commented:

"The IP30 flow rate announced today of 3.2 MMcf/d, normalised to 6.4 MMcf/d over 1,000 metres, are truly stellar and mark a major turning point in the Beetaloo Basin. Not only did the results exceed Falcon's pre-drill commercial threshold of a normalised flow rate of 3 MMcf/d by more than 100% but the geological properties evidenced in this part of the Basin, including reservoir pressure, effective porosity and gas-in-place all point

towards the significant resource potential of the Basin. We will continue flow testing the well for the next 60 days to achieve an IP90 flow rate which will better determine what that resource potential is.

We can now look forward with confidence to commencing the proposed 40 MMcf/d pilot development project which will start with the drilling of the first of six 10,000 ft development wells in Q2 2024, subject to stakeholder approval and funding, and look forward to updating the market as those plans begin to materialise."

Reminder: Investor Meet today

Philip O'Quigley, Falcon's CEO, will conduct a Q&A via the Investor Meet Company platform today 26 February 2024 at 4:00pm (London time).

The event is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet [Falcon Oil & Gas Ltd.](https://www.investormeetcompany.com/falcon-oil-gas-ltd/register-investor) via: <https://www.investormeetcompany.com/falcon-oil-gas-ltd/register-investor>

Investors who already follow [Falcon Oil & Gas Ltd.](#) on the Investor Meet Company platform will automatically be invited.

Shenandoah South 1H flow results

The SS-1H well in permit EP 117 successfully achieved IP30 flow rates following the 10-stage stimulation program within the bottom 501 metres (1,644 ft) of the 1,020-metre (3,346 ft) lateral section in the Amungee Member B- Shale (depth of c. 9,957ft). The fracture stages had an average interval spacing of 50 metre (164ft) and the average proppant concentrations of 2,212 lbs/ft across the 10 main stages with a total of over 3.5 million pounds of sand placed.

Testing was carried out following the installation of production tubing and a three-week soaking period to allow for water used in the stimulation process to be absorbed by the shale. The soaking aims to increase the relative permeability to gas of the formation and enhance production performance.

During the initial draw down period from 25 January to 08 February (13.3 days) the choke was opened from 16/64 to 40/64 over staged intervals resulting in gas rates from 12.9 MMcf/d to 3.0 MMcf/d, with flowing wellhead pressures drawn down from 4,611 to 792 psi. During the subsequent flowing period from 08 Feb - 24 Feb (16.7 days) the choke was opened up to 43/64 at the beginning of the period, resulting in gas rates from 3.3 to 2.9 MMcf/d, with an average of 3.0 MMcf/d with flowing wellhead pressures drawn down from 792 to 578 psi. Total cumulative gas production during the IP30 test was 92.2 MMcf.

The well achieved an IP30 flow rate of 3.2 MMcf/d over the 501 metres (1,644 ft), normalised to 6.4 MMcf/d over 1,000 metres (3,281 ft), and 19.5 MMcf/d over 3,048 metres (10,000 ft) significantly exceeding Falcon's normalised pre-drill expectations and Falcon's estimated Beetaloo Basin commerciality threshold.

Table 1: Breakdown of the SS-1H IP30 flow result

<i>SS-1H Rates (MMcf/d)</i>	Actual (501m; 1,644 ft)	Normalized (1,000m; 3,281 ft)	Normalized (3,048m; 10,000 ft)
Average IP30 flow rate	3.2	6.4	19.5
Peak rate	12.9	N/A	N/A
IP30 exit rate	2.9	5.8	18.3

Source: Company Data

The SS-1H has demonstrated that the geological rock properties, indicative of favourable well performance, met or exceed the US Marcellus shale (incl. reservoir pressure, effective porosity and gas in place). The analysis of the gas recovered at SS-1H confirms that it is Dry Gas with the following composition (mole %): Methane 91.7, Ethane 2.8 and CO₂ 3.4. Flow testing has demonstrated pore pressure gradient of ~0.6 psi/ft, resulting in higher reservoir pressure at Shenandoah compared to all other Basin wells.

The SS-1H IP30 flow rate delivered the highest normalised rates achieved in the Beetaloo Basin to date, exceeding the previous normalised IP30 record achieved by the Tanumbirini 3H well in the Santos-operated EP 161 acreage in 2022. The SS-1H result continues to demonstrate that the deepest regions of the basin have the most consistent geology and deliver the highest flow rates and recoverable volumes. The SS-1H IP30 flow rate extrapolated over 10,000ft (3,048m) of 19.5 MMcf/d compares very favourably with the average US Marcellus Type Well.

Pilot Development Program

The results from the SS-1H well give the Beetaloo JV confidence to progress to the proposed 40 MMcf/d Pilot Project 9 MMcf/d net Falcon in the Shenandoah South region. The JV is targeting first production from the project in H1 2026, which is expected to deliver volumes into the Northern Territory gas market over a 10-year plateau period, subject to completion of a binding Gas Sales Agreement, funding and key stakeholder approvals.

The program is expected to include six development wells drilled to 10,000 feet to achieve plateau production, the construction of the 40 MMcf/d Sturt Plateau Compression Facility (SPCF) and the 35-kilometre Sturt Plateau Pipeline (SPP) connecting the SPCF to the APA-owned Amadeus Gas Pipeline. Additional wells will be required over the project life, which are expected to be funded from future project cash flow.

Liberty Energy Inc (NYSE: LBRT), a leading North American energy services firm with significant operational and subsurface engineering expertise, plans to import a modern frac fleet into the Beetaloo Basin in 2024 to support the Shenandoah South Pilot Programme stimulation campaign. Liberty plans to dedicate a frac fleet and crew to the Beetaloo to reduce any potential for delays in mobilising equipment to site and increasing completion efficiencies while reducing costs of future stimulation programs. Liberty's presence in the Basin follows on from the previously announced similar arrangement with Helmerich and Payne (H&P), the largest drilling solutions provider in the US, whereby H&P imported a 2,000HP rig into the Beetaloo, which is expected to support a material reduction in drilling times and costs.

Ends.

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This announcement has been reviewed by Dr. Gábor Bada, [Falcon Oil & Gas Ltd.](#)'s Technical Advisor. Dr. Bada obtained his geology degree at the Eötvös 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. [Falcon Oil & Gas Ltd.](#) is

incorporated in British Columbia, Canada and headquartered in Dublin, Ireland..

Falcon Oil & Gas Australia Limited is a c. 98% subsidiary of [Falcon Oil & Gas Ltd.](#)

For further information on [Falcon Oil & Gas Ltd.](#) Please visit www.falconoilandgas.com

About Tamboran B2 Pty Limited

Tamboran (B1) Pty Limited ("Tamboran B1") is the 100% holder of Tamboran B2 Pty Limited, with Tamboran B1 being a 50:50 joint venture between Tamboran Resources Limited and Daly Waters Energy, LP.

Tamboran Resources Limited, is a natural gas company listed on the ASX (TBN) and U.S. OTC markets (TBNNY). Tamboran is focused on playing a constructive role in the global energy transition towards a lower carbon future, by developing the significant low CO₂ gas resource within the Beetaloo Basin through cutting-edge drilling and completion design technology as well as management's experience in successfully commercialising unconventional shale in North America.

Bryan Sheffield of Daly Waters Energy, LP is a highly successful investor and has made significant returns in the US unconventional energy sector in the past. He was Founder of Parsley Energy Inc. ("PE"), an independent unconventional oil and gas producer in the Permian Basin, Texas and previously served as its Chairman and CEO. PE was acquired for over US\$7 billion by [Pioneer Natural Resources Company](#) ("Pioneer"), itself a leading independent oil and gas company and with the PE acquisition became a Permian pure play company. Pioneer has a current market capitalisation of c. US\$60 billion.

About Beetaloo Joint Venture ("JV") (EP 76, 98 and 117)

Company	Interest
Falcon Oil and Gas Australia Limited	22.5%
Tamboran B2 Pty Limited	77.5%
Total	100.0%

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", "consider" "potential", "scheduled", "forecast", "outlook", "budget", "hope", "suggest", "support" "planned", "approximately", "potential" 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, information relating to the IP30 flow rate of 3.2 MMcf/d over the 501 metre, belief that the results to be above the commercial threshold required to progress the Beetaloo to pilot development during 2024, exit rate trajectory showing a flat curve at ~2.9 MMcf/d over the stimulated length and stable WHP of 575 psi, IP30 flow test extrapolation to ~19.5 MMcf/d for proposed future development wells, geological rock properties in the region indicative of favourable well performance with potential to result in long-term, low-declining gas production, that this region is one of the best locations in the Beetaloo Basin to commence pilot development activities, flow testing of the SS-1H well will continue for the next 60 days to achieve average IP90 flow rates to better determine the well's EUR, IP90 flow rate results expected to be announced in April 2024, development plans for the proposed 40 MMcf/d Pilot Project at the Shenandoah South location including six 3,048 metre development wells initially to achieve plateau production of 40 MMcf/d, drilling of the first of these wells planned to commence in Q2 2024 and the targeting of first gas in H1 2026, funding to commence drilling of the initial two wells in the program and evaluation of opportunities to support funding the remaining capital commitments to reach first production, including issuance of equity and/or debt, evaluation of pre-payment for gas from the proposed Pilot Project and potential farm-down opportunities

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; 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.sedarplus.com, including under "Risk Factors" in the Annual Information Form.

Any references in this news release to initial production rates are useful in confirming the presence of hydrocarbons; however, such rates are not determinative of the rates at which such wells will continue production and decline thereafter and are not necessarily indicative of long-term performance or ultimate recovery. While encouraging, readers are cautioned not to place reliance on such rates in calculating the aggregate production for Falcon. Such rates are based on field estimates and may be based on limited data available at this time.

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.

The information communicated within this announcement is deemed to constitute inside information as stipulated under the Market Abuse Regulations (EU) No 596/2014 which is part of UK law by virtue of the European Union (Withdrawal) Act 2018. Upon publication of this announcement, this inside information is now considered to be in the public domain.

Attachment

- 022624 Falcon Press Release -IP30 Flow Rates Final Version

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