Setback as Eni plugs Kanase-1 prospect

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Italian operator Eni has plugged and abandoned as a non-commercial discovery the highly anticipated Kanase-1 exploration well off Timor-Leste but the well is being described as a geological success.

Kanase-1 was the first offshore exploration well to be drilled in years in Timor-Leste, and had added intrigue because it targeted a deeper Triassic reservoir in addition to the usual Jurassic interval.

Well placed sources said Eni had discovered hydrocarbons in the Jurassic formation that were immobile or unmovable.

Post-well studies are ongoing, but the only positive so far was from a geological point of view.

The well was a tight hole spudded in March using the semi-submersible drilling rig Maersk Deliverer, and had a two-month estimated duration. The drilling rig has since returned to Brunei Bay.

A commercial discovery, and success in the Triassic zone, could have provoked renewed interest in Timor-Leste’s offshore play, a government official said before drilling began.

“If they discover the deeper interval then it will open up a new offshore play, it’s an interval below the Bayu-Undan field and other fields. Everyone is watching this well,” said the official.

According to the national oil company Timor Gap, a joint venture partner in the well, the primary Jurassic target had pre-drill oil-in-place potential of 185 million barrels of oil, while the secondary Triassic target contained a potential 188 million barrels.

Kanase-1 was drilled in about 350 metres of water in Block 11-106, which contains the undeveloped Kuda-Tasi, Jahal, Squilla and Krill oil discoveries.

These finds surround the Kitan oilfield, which was shut down prematurely in December 2015 because of the low oil price.

The big question remains whether Eni has the appetite to redevelop Kitan and tie in the surrounding discoveries, all of which are about 20 kilometres away from Kitan.

The Block 11-106 owners are operator Eni (40.53%), Inpex (35.47%) and Timor Gap (24%).

Timor Gap said in its 2018 Annual Report that a recent study by the joint venture had focused on the “already proven but unproduced reserves at Jahal, Kuda-Tasi, Squilla and Krill”.

Jahal and Kuda-Tasi each contain about 20 million barrels of oil, and no estimates were provided for Squilla and Krill.

The initial exploration period for Block 11-106 is effective until 22nd October 2020 following two extensions, and it is understood the two-well exploration commitment has been satisfied by the dual-target Kanase-1 well.

There were at least two operators with neighbouring acreage taking a keen interest in Kanase-1.

Carnarvon Petroleum, the Australian offshore exploration company, owns adjacent Block WA-523-P, and said recently that the most significant exploration prospects in its permit are located in the Triassic interval “which is relatively untested in this area”.

“With industry focus shifting to the Triassic interval following Carnarvon’s Dorado discovery, Eni’s Kanase-1 well... could provide further support for Carnarvon’s prospects,” added Carnarvon.

Northern Oil and Gas Australia, which is the owner of the neighbouring Laminaria-Corallina oilfields, is also evaluating a lower Jurassic and Triassic play it calls Laminaria Deep.

Northern Oil and Gas Australia said recently that success at Kanase would have de-risked the Laminaria Deep play.