

Carnarvon Petroleum signs production sharing contract for Buffalo oil field re-development

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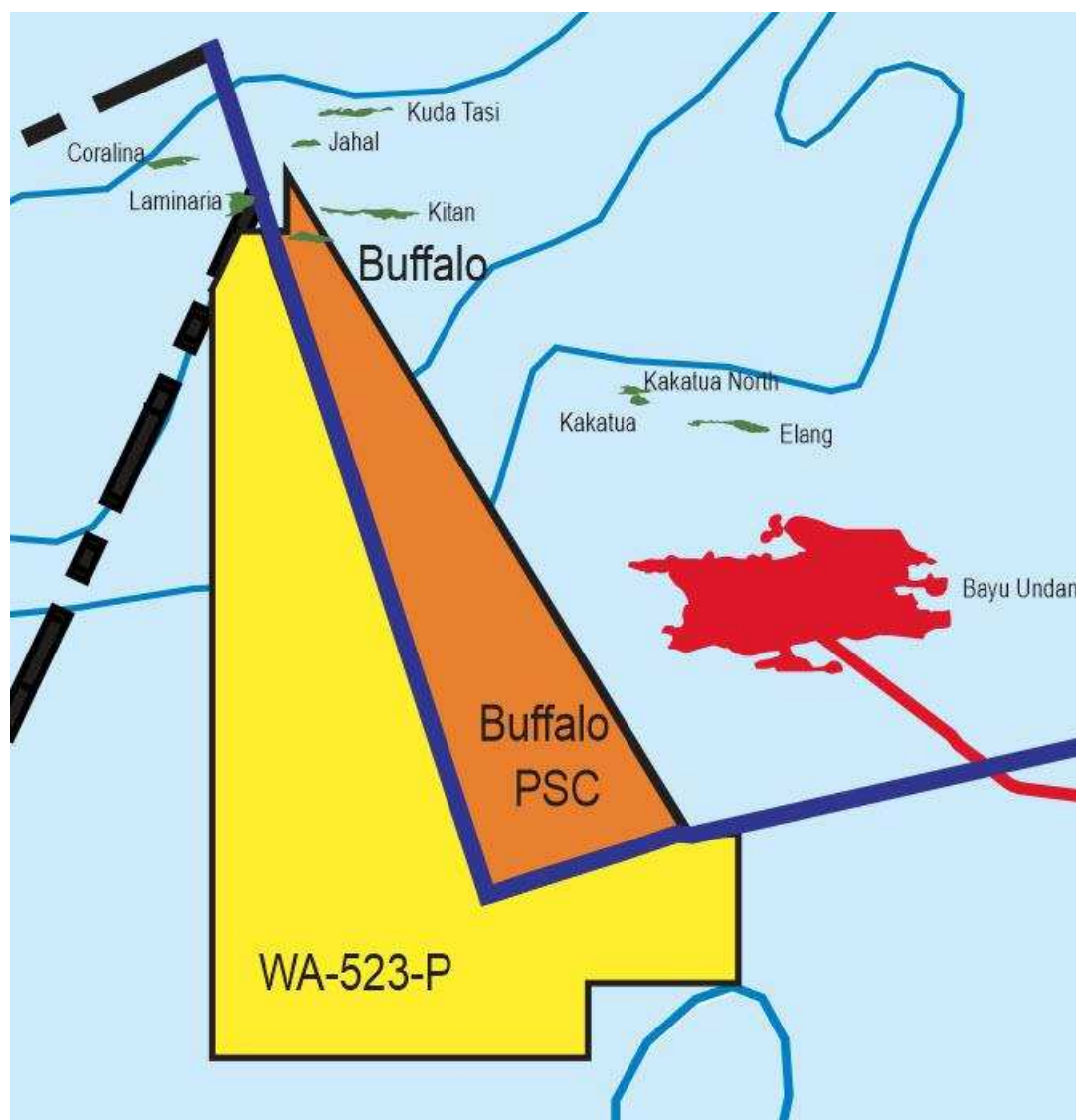
With the signing of the PSC over the Buffalo oil field and surrounding exploration acreage, Carnarvon has clarity on the way forward for this project.

[Carnarvon Petroleum Ltd \(ASX:CVN\)](#) has cleared its way forward for drilling and re-developing the Buffalo oil field with the signing of the Production Sharing Contract (PSC) and ratification of the Maritime Boundary Treaty (MBT) by the governments of Australia and Timor-Leste.

Background

In March 2018, the governments of Australia and Timor-Leste signed the MBT that altered the maritime boundary between the two countries affecting the WA-523-P permit in which Carnarvon has 100% equity.

The WA-523-P exploration permit has now been split in two with a portion (including the Buffalo oil field) changing from its Australian jurisdiction to being exclusively in the Timor-Leste jurisdiction.



Map of WA-523-P (remaining Australian portion) and the Buffalo PSC

Following extensive negotiations with the governments of Timor-Leste and Australia, and in consultation with the respective government regulators, Carnarvon has successfully signed a PSC confirming ongoing title to the Buffalo oil field and the surrounding exploration acreage.

Carnarvon managing director Adrian Cook, who signed the PSC on behalf of the company, said: “We are pleased to have secured this next phase in the Buffalo oil field re-development with the signing of the PSC.

“Enjoying equivalent terms as to those in Australia allows Carnarvon to continue to work towards drilling a Buffalo well and achieving first oil in this field as soon as practical.

“The team at Carnarvon are looking forward to a close working relationship with the Timor-Leste authorities as together we bring this field into production.

“In the meantime, Carnarvon is set to grow its office in Dili, the capital of Timor-Leste, and invest in this country which has been so welcoming to our company and our people.

“The Buffalo project and the Dorado project in Australia are two exciting advancements for Carnarvon and its shareholders and are expected to provide substantial interest for all stakeholders in the years ahead.”

Revised maritime boundaries in effect

Following the signing of the PSC last week, the governments of Australia and Timor-Leste exchanged diplomatic notes on August 30 2019 confirming the ratification of the MBT and bringing into force the revised maritime boundaries between the two countries.

One of the key conditions of the MBT was that affected parties, such as Carnarvon, would be granted security of title in Timor-Leste with conditions equivalent to those previously in place under Australian domestic law.

Clarity on the way forward

With the signing of the PSC over the Buffalo oil field and surrounding exploration acreage, Carnarvon has clarity on the way forward for this project.

The approval of the environmental plan to drill three wells into the Buffalo field was approved by Australia’s National Offshore Petroleum Safety and Environmental Management Authority (NOPSEMA) in March of this year.

In this matter, Carnarvon has confirmation from Timor-Leste of the continuation of these plans after the ratification of the MBT.

Similarly, any work commenced prior to the ratification for the well planning for the first well into the Buffalo field is allowed as cost recovery under the Timor-Leste regime.