

Trans-Orient plans shallow and deeper wells into East Coast shales

29 June 2009 - The Canadian-based explorer Trans-Orient Petroleum Ltd says in its third quarter report that it plans a shallow stratigraphic well in its largest East Coast Basin permit this winter in preparation for a later deeper well into the unconventional Waipawa/Whangai shales.

Trans-Orient says the two wells will be into the Boar Hill prospect in the 6,610 km² onshore PEP 38349, which runs from north of Napier to south of Woodville. It is held in the name of Orient Petroleum (NZ) Ltd.

The company says the shallow (150-200 m) stratigraphic test well to be drilled on the Boar Hill drilling pad in early July 2009. Geological data from this well will be critical to the design of the 1,100-1,500 m well into the shale rock that will follow.

Trans-Orient was earlier awarded (in the name of Eastern Petroleum (NZ) Ltd) its third onshore petroleum exploration permit in the East Coast Basin – this time around the city of Gisborne. The PEP 50940 permit covers 453 km².

In 2006 Trans-Orient was awarded two large onshore East Coast exploration permits. One of these, the 2,147 km² PEP 38348, to the immediate north of its new permit was also transferred recently to subsidiary company Eastern Petroleum.

Trans-Orient CEO Garth Johnson says the company plans to examine the potential of older fractured oil-rich shales as a new play in the new Gisborne permit.

Mr Johnson said this new permit is highly complimentary to the existing leads and unconventional fractured oil-shale opportunities identified in the company's adjoining permit PEP 38348.

He said the new permit is located in the northern, oil prone area of the East Coast where local oil and gas seeps confirm a working hydrocarbon system.

Mr Johnson says the organic-rich Waipawa Formation and the 300-500 m thick Whangai Formation underlying parts of its East Coast permits are world-class source rocks that compare favourably with other source rocks, such as the Barnett Shales and Bakken Shales of North America.

Gas from the Barnett shales in north Texas now produces 7% of US natural gas and the steeply increasing production of gas from shale has helped push US gas prices lower. Some energy analysts are forecasting that over 20% of US gas supplies will come from the eight largest US shale fields by 2011.

Shale drillers are tapping the resource using horizontal wells drilling through thick shale formations with frequent artificial fracturing ("fracing") to allow oil or gas to flow.

Sources: Trans-Orient and Lindsay Clark