

AGL and Galilee Energy to retest CSG potential at Glanaras

AGL and Galilee Energy have agreed on an alternative way to assess the production potential of its Glanaras coal seam gas pilot plant near Longreach.

In a report to the Australian Stock Exchange on Monday, Galilee Energy said the companies had agreed to proceed "with a modest work over program" which would test the CSG potential of the uppermost layer of coal within the Betts Creek formation.

The wells have been dogged by excessive water in the coal seams which the company said was due to the presence of permeable sands in and around the coal seams.

The water bearing sands meant it had not been possible for the company to dewater the coal seams and stimulate the flow of gas. The use of fracture stimulation (fracking) had exacerbated the problem, Peter Lansom, managing director of Galilee Energy said.

The new program would perforate the top level of the coal seams and test them for coal seam gas.

"This completion design will provide drawdown on the coal only, and not the permeable sandstones within the Betts Creek Formation, allowing a definitive test of the gas production potential of this project," the

company stated.

The cost of the testing was expected to be less than \$2m.

"We are excited that the Joint Venture has approved this work programme and pilot restart," Mr Lansom said.

"This design will enable a true drawdown on the coals without any significant contribution from the neighbouring sands. This will enable us to properly assess the production performance of the coals and hopefully brings us one step closer to reserves certification."

The joint venture partners were finalising the design, with work expected to commence in about three months.