

Glenaras CSG aims to solve Australia's gas shortage

GALILEE Energy is gearing up to solve Australia's gas shortage crisis, aiming to achieve solid gas reserves by the end of 2018 and fast tracking pipeline construction to get the gas to market.

The company's gas wells at Glenaras Station south of Aramac has one of the largest remaining uncontracted gas resources on the east coast with a contingent resource independently certified at 5,300PJ.

If the contingent resource were converted to reserves it would be enough gas to supply the entire east coast market for eight years, managing director Peter Lansom said.

"The projected shortfalls in the Australian east coast gas market present an enormous opportunity for the Galilee Energy gas assets. With very few other projects in the appraisal or development stage currently capable of meeting this shortfall, Galilee Energy is well placed to capitalise on this large potential given the size of our assets," he said.

Over the next 12 months the company would work to commercialise the Glenaras project and had entered a binding

Memorandum of Understanding with Jemema to fast-track the pipeline, he said.

While the company knows the coal seams in the Galilee Basin are rich in gas, extracting it has been a long and frustrating process.

The original well was sunk in 1990 and like most CSG wells was fracked, but the original owner, Enron, and subsequent owners and operators were unable to extract enough water from the coals to get the gas flowing.

About two years ago the company realised that the problem was caused by extensive sand beds throughout the coal. As fast as they pumped out the water, it continued to flow in from the sand beds.

The company then decided to sink a well into the topmost seam and attempt to dewater the coal without fracking. This proved more successful and it achieved gas flow, although dewatering the coals has continued to be problematic.

It recently began using lateral wells – a 500 metre long pipeline running horizontally through the coal seam with vertical intersect wells to help remove the water.

"The lateral pilot did get good gas production but still not enough

water was desorbed to get sufficient flow to book reserves," he said.

The company has now completed the design of a new multi-lateral pilot, with three parallel horizontal wells spaced 250m apart.

"The outer wells will shield the central well and allow it to draw the reservoir down below critical desorption pressure and achieve commercial gas rates more rapidly," he said.

The multi-lateral plot design was similar to successful lateral plots in the Gunnedah basin.

Importantly, the proposed new pilot will be able to utilise existing production facilities such as camp, evaporation pond and surface pumping equipment. Nor would it require vertical wells for the pumping system, "significantly reducing the capital cost of the upcoming lateral program and once proven will significantly reduce future development costs", he said.

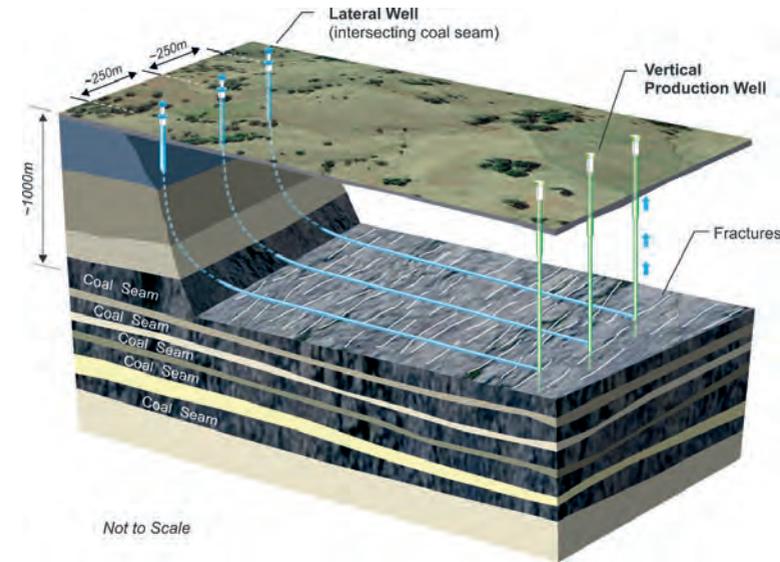
The company was presently tendering for the drilling and completion work, with drilling planned for the first quarter of 2018.

The company also has low water treatment costs and has proposed reinjecting the water back into the coal seams.

Its agreement with Jemema will see the pipeline company engage with local communities, conduct field surveys and complete the pipeline design concept works while Galilee Energy work to prove the gas resource was large enough to underwrite the pipeline construction.

"By undertaking the early planning works, both Jemema and Galilee Energy will be ready to proceed to front end engineering and design on both pipeline and field development in 2019," Anton Boey, executive general manager corporate development said.

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Galilee Energy's proposed multi-lateral plot design showing the layout of the three horizontal wells. The vertical production wells, shown at the right of the diagram, have proved unnecessary and will not be drilled. Source Galilee Energy's Investor Roadshow.*