

# Baraka-Statoil on target for Bakken-style oil shale in NT

When you find a company that has assets valued at an estimated \$74.5 million, has its project located in one of the hottest frontier onshore oil and gas plays in the world but has a market cap of only \$12 million; then you know you are on to something with tremendous uplift in potential value.

That is certainly the case with Australian oil and gas junior **Baraka Energy and Resources Ltd (ASX:BKP, Frankfurt Exchange RBD:GR)** which is on the cusp of major re-rating opportunities in 2014.

This includes its participation in a multi-well drilling campaign with one of the world's great oil and gas companies, Statoil, in the Georgina Basin in the Northern Territory, Australia.

Backed by the results of a 304km, 2D seismic survey over the EP-127 and EP-128 exploration permits and the technical input from Statoil's Norwegian technical team, where Baraka holds a 25 per cent working interest, the Statoil led JV is looking to spud its first well in the second quarter of 2014, after the completion of the 2013/2014 wet season.

A final decision has yet to be made on the location of the wells and the size of the drilling program, but whatever the number, it will be closely watched by an industry that has identified the Georgina Basin as a prime location for potential shale oil and gas riches and is considered to be analogous to the prolific oil producing "Bakken" oil shale play in Canada/USA.

A Ryder Scott report written for Baraka stated: "We believe the Southern Georgina Basin, Onshore Australia, is one of the most Prospective Onshore Basins in Australia."

Global oil and gas giants such as Statoil and Baraka's near neighbour Total of France, have come to the Georgina Basin with massive budgets, targeting an area that is known to have very thick, oily shale sections and huge potential.

While a total of only 29 test wells have been drilled in the Georgina (compare that with the hundreds that have been drilled in the Marcellus Shale in North America), the basin was recently estimated by Ryder Scott to have the potential to contain total risked shale oil and condensate in-place of 25 billion barrels and total risked wet and dry shale gas of 67 trillion cubic feet



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(Tcf). Those are not just company making numbers, they are country changing numbers.

The good news for Baraka and its shareholders is that both Dulcie and Toko Synclines, the prime target areas for shale oil and gas identified in that recent report released by the U.S. Energy

Information Administration (EIA), are both present within its two licences.

Alongside the new seismic data that has been closely analysed by Statoil's highly regarded technical teams, the exploration risk for the 2014 drilling program has been significantly reduced by the 2012 Owen-3H well which produced a 32m section of core that was seen to "bleed" considerable amounts of oil, and is located immediately to the North of the anticipated drilling program on Baraka's EP-127.

While the shale oil and gas potential contained in EP-127 and EP-128 is a tremendous opportunity, Baraka Energy is also excited by the "conventional" oil potential within the permits. Previous independent studies conducted by the highly respected Ryder Scott highlighted a number of conventional prospects and traps in the permits which has been estimated to have the potential to contain up to 47 million barrels of recoverable oil at the Unrisked Prospective level and up to 374 million barrels at the Unrisked, Undiscovered level.

Baraka is hoping that Statoil will consider testing those targets in the course of its future exploration and drilling programs.

With Statoil committed to spending up to \$175 million on exploration activities in its Georgina Basin permits by the end of 2016 and Total planning to outlay up to US\$190 million on exploration programs over four blocks, including EP-132 which adjoins Baraka's EP-128 permit, and the others sitting to the south of EP-127, Baraka and its shareholders are in for a very exciting ride on the back of these global oil and gas giants and some world-class prospectivity.

Baraka's share register is increasing with the addition of investors from Hong Kong, Singapore, China and other Asian countries.