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MEDIA STATEMENT

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CAUTION REQUIRED - THE PITFALLS OF COMPARING AUSTRALIAN AND NORTH AMERICAN UNCONVENTIONAL GAS PLAYS

Independent oil and gas advisory company RISC has told the annual APPEA conference in Brisbane that there is much more required to understand unconventional gas development in Australia than simply superimposing the North American shale gas experience.

RISC Advisor and experienced reservoir engineer Colin Jordan said that while the success of shale gas in North America had triggered a global search for unconventional gas acreage, “Antipodean” adjustments were essential to understand the different geological challenges, ensure realistic recovery, optimise well performance and address community/political issues.

“We can certainly take advantage of US technology and operational expertise but no two shale or tight gas plays are identical. In North America the geology and recovery techniques differ between fields so when you compare Australia with the USA and Canada there are clearly significant differences in reservoir properties; the economies of exploration and development; and the best method of recovery,” Mr Jordan said.

- Reservoirs – More consideration must be given to variances in reservoir properties such as permeability and porosity, stress regime, mineralogy. For example, deeper Cooper Basin shale plays can have elevated levels of CO₂ and more capital may potentially be needed to strip off the CO₂;
- The need to reduce costs - Shale gas completion costs in Australia can be triple that of the US shales – mostly due to a lack of infrastructure in basins, tight skilled labour and contractor expertise;
- Access to drilling technology - There are approximately 1100 land rigs operating North America, only a handful in Australia;
- Fracturing - North American comparisons indicate the fraccability of Australian shales, but not necessarily the optimum process for specific regions in Australia. There is potential for a completely different and unique fracturing model.

“When we look at unconventional plays in the Cooper, Canning and Perth Basins we can learn from the North American experience but we cannot expect to replicate it chapter and verse,” Mr Jordan said.

“Australia’s enormous shale gas potential and the strong gas demand on the east coast have fuelled hopes of a swift ramp-up in terms of unconventional gas supplies but there needs to be more time for the sector to mature, to address environmental and land ownership issues and develop best practice/low cost technical solutions.

“It took nearly a decade of drilling, completion and fracturing refinement from the initial development of the North America shales to the current surge, here in Australia we need to make sure we do our due diligence.”

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