

Buru Energy (ASX:BRU) to acquire Origin's JV interests, strengthens position in Canning Basin



Image source: BRU website

Highlights

- Buru Canning, Buru Energy's wholly owned subsidiary, is acquiring Origin Energy Limited's interests in its joint venture exploration permits in the Canning Basin.
- This also covers the high-potential, high-quality, liquids-rich conventional gas discovery, Rafael.
- Buru says the transaction is a major strategic step forward and financially compelling for the company.
- The company plans to undertake the Rafael 3D seismic survey with appraisal drilling planned for next year.

ASX-listed diversified energy company Buru Energy Limited (ASX:BRU) is all set to become the dominant net acreage holder and operator in the Canning Basin.

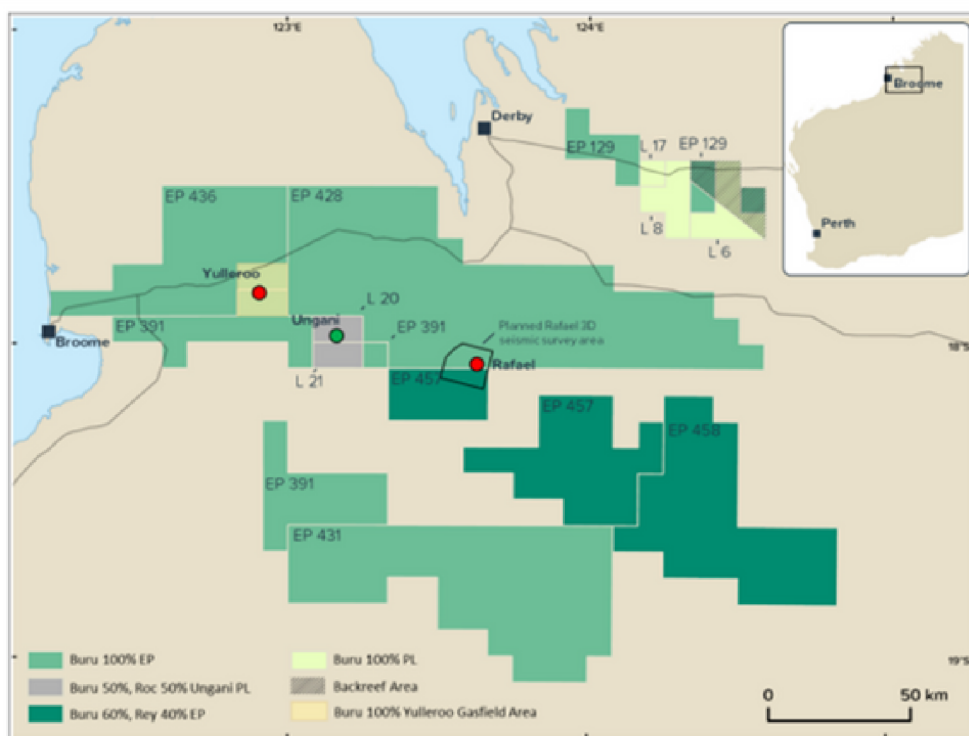
In a major development, BRU, through a wholly owned subsidiary, is acquiring Origin Energy Limited's interests in its joint venture exploration permits in the Canning Basin. This also covers the high-potential, high-quality, liquids-rich conventional gas discovery, Rafael.

Buru – The dominant net acreage holder and operator in Canning Basin

In December 2020, Origin got into arrangement with Buru and Rey Resources Ltd to farm into seven exploration permits in the basin.

However, in the second half of 2022, Origin unveiled its plans to pull out of upstream exploration activities over time. The plans also included its JV interests with Buru in the basin.

As Origin and Buru have entered the new agreement, Buru suggests that it will resume its position as the dominant net acreage holder and operator in the Canning Basin.



Buru's operational areas and participating interest in the onshore Canning Basin Post Assignment of Origin Interests (Image source: company update)

In line with the development, Buru's wholly owned subsidiary Buru Canning will receive Origin's 50% participating interest in exploration permits EP 129, EP 391, EP 431, EP 436, and EP 428 (containing Rafael-1 discovery). As a result, the two will wholly own these permits.

Also, the Buru/Rey joint venture will receive Origin's interests in the EP 457 and EP 458.

Buru, the permit operator, will hold a 60% participating interest in the permits with the remaining 40% to be held by Rey.

Origin's exit from the Canning Basin provides Buru and its shareholders with the autonomy and flexibility to aggressively pursue the commercialisation of its assets in the basin, focused on the Rafael conventional gas and condensate discovery that has been independently assessed to have the potential to hold recoverable volumes of over one TCF of gas and 20 million barrels of condensate, and including the Basin's Carbon Capture and Storage (CCS) and natural hydrogen potential.

Data source: BRU update

This is what Buru Energy's leadership team has to say about the development, among other things.

"We now have control over a gas and condensate resource that is potentially unique in Western Australia and look forward to moving quickly to crystallise the value this represents for our shareholders," Mr Eric Streitberg, the Chair of Buru Energy.

"This agreement also provides Buru with strategic optionality to extract the highest value for our shareholders from our dominant position in the Canning Basin including not only the extensive hydrocarbon resources, but also the potential carbon capture and storage and natural hydrogen resources being developed through our GeoVault and 2H Resources subsidiaries." CEO Thomas Nador.

What are Buru's plans?

As per the latest agreement, Origin will make a contribution of up to AU\$4 million to undertake the Rafael 3D seismic survey program.

Buru plans to acquire the critical 3D seismic data over Rafael in support of appraisal drilling next year. The company has commenced planning and contractor engagement for the seismic survey, which is expected to be completed in the 2023 operating season.

Subject to Rafael development and production success, Buru will make future payments of up to AU\$34 million to Origin.

The company believes that the development greatly facilitates its ongoing commercialisation discussions with third parties and creates new partnership opportunities with aligned potential partners.

Note: It is to be noted that the transaction and assignment of Origin's interests remain subject to regulatory approvals. This covers the approval and registration of the agreement and transfers of the permits by the WA regulatory authority, Department of Mines, Industry Regulation and Safety, expected by the second quarter.



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