

Buru Energy to acquire Origin Energy's Canning Basin joint venture interests



Buru Energy Ltd (ASX:BRU) has, through a wholly owned subsidiary, struck an agreement to acquire Origin Energy Limited's joint venture exploration permits in the Canning Basin, which include the Rafael conventional gas and condensate discovery.

Autonomy to pursue gas commercialisation

Buru has seized the opportunity presented by Origin's exit from the Canning Basin to strike a deal that allows it to 'aggressively pursue the commercialisation of its assets in the basin', with its sights trained on Rafael.

"The structure of the deal reflects Origin's belief in the Rafael discovery, insofar as any future capped reimbursements to Origin are directly linked to future high-value development and production milestones for Rafael gas," CEO Thomas Nador said.

As part of the agreement, Origin will provide Buru with up to \$4 million of the required funding for a 3D seismic survey at Rafael, which is on track to be snapped up in the 2023 operating season. The deal is in exchange for a future, capped reimbursement of costs linked to gas production success.

Deep dive



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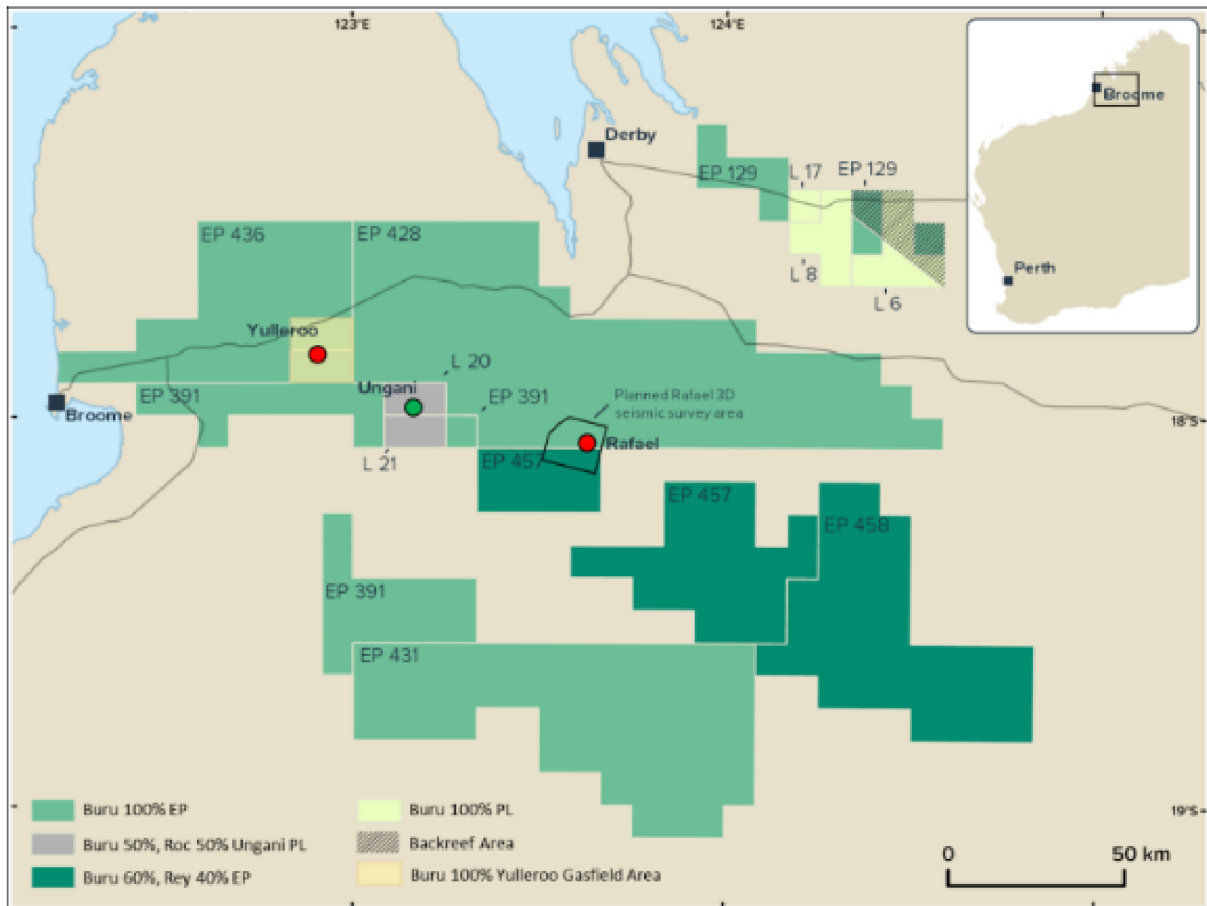
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Buru's operational areas and participating interest in the onshore Canning Basin Post Assignment of Origin Interests

This means Buru resumes its position as the dominant net acreage holder and operator in the Canning Basin, with ownership of a net 22,500 square kilometres of permits including 100% of EP 129, EP 391, EP 428, EP 431 and EP 436; and 60% of the EP 457 and EP 458 permits it shares with Rey Resources Ltd.

Rafael has been independently assessed to have the potential to hold recoverable volumes of more than one trillion cubic feet (TCF) of gas and 20 million barrels of condensate, with access to the Basin's carbon capture and storage (CCS) and natural hydrogen potential.

Buru resumes control

In December 2020, Origin agreed to farm into seven Canning Basin exploration permits held by Buru and Rey, to earn interests ranging from 40% to 50%. Buru remained operator of the permits with working interests across the basin ranging from 40% to 100%. The terms of the farm-ins required Origin to majority fund a two-well drilling program and the acquisition of a regional scale seismic program.

In June 2022, Origin informed Buru that it didn't approve the funding for a proposed 3D seismic survey over the Rafael discovery, and later that year, signalled its intention to exit upstream exploration activities over time, including its joint venture interests with Buru in the Canning Basin. This decision introduced uncertainty for Buru, particularly around the timing for commercialisation of Rafael.

Both parties have since worked towards a suitable outcome and these negotiations have resulted in Origin's exit. Buru will resume control and up to 100% ownership of the permits, protecting and enhancing the long-term strategic value of the company's assets in the Canning Basin.

"The original farm-in agreement with Origin provided the funding and the impetus that resulted in the Rafael discovery that has now assumed even more significance given the current focus on the West Australian and international gas markets," Buru chair Eric Streitberg said.

"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."

Back on the ground

Nador added: "Since Origin's decision in June last year to not support the proposed 2022 Canning Basin fieldwork program, and then its' September announcement that it intends to exit upstream exploration on strategic grounds, Buru has worked relentlessly to minimise the impact of this decision on its Canning Basin assets, and to maintain momentum for the appraisal and commercialisation of its flagship Rafael conventional gas and condensate development.

"We are delighted to now be in the position to be back on ground this year to acquire the critical 3D seismic data over Rafael in support of appraisal drilling next year.

"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."