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Buru and Energy Resources restructure deal

By [Matt Birney](#)



A farmout deal has been struck between Buru Energy and Chris Ellison's Energy Resources. Credit: File.

Buru Energy and Chris Ellison's Energy Resources have agreed to restructure their interests in the area known as Permit L20-1 in the Carnarvon Basin through a farmout by Buru to Energy Resources. Buru will assign an additional 25 per cent interest and operatorship of the area in the onshore Carnarvon Basin to EnRes. The resulting permit interests will be Buru 25 per cent and EnRes 75 per cent.

Once the pending permit is granted with the requisite regulatory approvals the transaction will bring the farmout agreement into effect.

The main consideration for the additional interest in the permit will see EnRes carry Buru through the costs of the first two exploration wells expected to be drilled during 2023 in order to meet the minimum work



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the first two exploration wells expected to be drilled during 2023 in order to meet the minimum work requirements during the first two years of the permit. Additional considerations include other agreed exploration activities and overhead costs.

In a complementary agreement, EnRes will form a new joint venture with Buru to undertake carbon capture and storage feasibility studies within the onshore Carnarvon Basin Permit. EnRes has agreed to match recently rewarded Commonwealth Grant funding of \$7 million over 3 years to conduct the research within the Carnarvon Basin permit. Buru will continue as operator of the carbon capture and storage feasibility study program whilst EnRes will take over operatorship of any future greenhouse gas permit activities jointly granted to the partners.

Any joint venture costs in the program exceeding \$14 million will be shared by the partners according to their participating interests.

Buru and EnRes jointly bid for the area in October 2020 in a 50/50 partnership agreement naming Buru as the operator. Geologically, the area covers a shallow, mostly onshore, part of the Carnarvon Basin known as the Peedamullah Shelf, adjacent to the deeper offshore basin that is the main oil and gas producing province of Western Australia.

Tubridgi, a significant gas field, has previously been discovered, developed, depleted and converted into Western Australia's largest gas storage facility within the permit area. Tubridgi is owned by Australian Gas Infrastructure Group and operated by their subsidiary AGI Tubridgi Pty Ltd. Reservoirs in the field are typical of the offshore portions of the Carnarvon Basin being of Triassic and Cretaceous age.

Additional oil and gas infrastructure within the area includes the Chevron Wheatstone and BHP Macedon LNG processing plants and associated pipelines connecting to offshore fields through Varanus Island in addition to connections to the Dampier to Bunbury natural gas pipeline. The Macedon field and facilities will soon be taken over by Woodside Petroleum following recent shareholder agreement with the BHP merger process.

The infrastructure is an obvious route to market and provides the ability to swap onshore for offshore gas in the State Government required offshore gas reserves for producing fields offshore of Western Australia.

Both companies indicate they will be chasing older highly prospective Palaeozoic aged structures similar to Buru's discoveries in the Canning Basin.

The permit was awarded to the Buru and EnRes joint venture in March 2021 following successful conclusion of heritage protection negotiations with the traditional owners Thalanyji People. The Thalanyji People received native title determination over 11,120 square kilometres of land in and around Onslow, Western Australia in 2008.

With the conclusion of the agreement, Buru and EnRes anticipate the permit will now be granted to the joint venture in accordance with the bid terms. Once the permit is granted the current terms will take effect, making EnRes 75 per cent majority holder and operator.

Buru Energy, Executive Chairman, Eric Streitberg says: *"We are delighted that we have been able to come to an agreement with EnRes that achieves each Company's objectives. The farmout transaction will allow EnRes to bring the expertise of its highly successful Perth Basin operating team to the L20-1 area and allow Buru to focus on its very exciting Rafael gas condensate discovery in the Canning Basin and on its energy transition businesses."*

Of interest to other stakeholders in the region, the State Government's decision to indefinitely extend the hydraulic fracturing moratorium means that hydraulic fracturing cannot be undertaken under any new petroleum exploration permit granted.

Buru holds the largest oil and gas permit position in the Canning Basin and Mineral Resources is the largest petroleum acreage holder in the Perth Basin.

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