

London calling for Black Rock

By
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Ivan Burgess wasted no time after severing ties with Norwest Energy, joining a team that is hoping to float AIM-listed Black Rock Oil and Gas Plc on the Australian Stock Exchange.

It's a novel approach, bucking the trend witnessed in Australia of late — first going public in Australia and then tapping into the capital pools of London's Alternative Investment Index — but one that makes perfect sense for Black Rock, which has exposure to acreage on the Isle of Wight and funds in the bank.

Many had written off Black Rock as a cashbox, a shell company doing nothing after a planned expansion into Africa failed in 2002.

Now, however, the company is preparing to reinvent itself and drill its first well almost five years after first listing.

Backed by renowned company rebuilder David Steinpreis, Burgess believes Black Rock stands a good chance of carving out a niche for itself as an active explorer.

Burgess admits Black Rock had lost direction in recent months, but a new board, including a yet-to-be announced high-profile chairman, intends to change all that.

The idea is to revitalise the company with new acreage, drilling, and an injection of funds into the company, which has to be attractive to the investors," he said.

"The share price has started to move since we've been doing that, so I guess the



market is starting to realise we are actually doing something."

Black Rock has announced a farm-in deal with Magellan Petroleum Australia Ltd, allowing it to drill two wells in Magellan's Australian acreage in the Cooper Basin.

Subject to its ASX listing, Black Rock will fund part of the Malleus 2D Seismic Survey and the cost of a well to earn 15% of exploration permit, PEL 94, which is situated in the South Australian portion of the Cooper-Eromanga Basin systems.

The partners will be drilling the Murta and Cadna-owie Formations which are producing in the adjoining Aldinga discovery by Magellan/Beach in the adjacent PEL 95 permit and Santos' Wanchoocha Field to the north.

Black Rock will also fund part of the costs of drilling of an exploration well to earn a 10% interest in PEL 110.

Burgess hopes drilling will start in June this year.

On the Isle of Wight, Black Rock is being free-carried on acreage which has the potential to give the company a share in some 15 million barrels.

It's an interesting project. The drilling is stepping out from a tested and logged hydrocarbon column. The proposed Sandhill-2 well is on trend to the Wytch Farm discovery which is the second largest oilfield in Western Europe.

Sandhills-1 was drilled by BP. The company drilled through a 100-foot oil column, which was logged and never tested.

"The idea, this well will be a test, stepping out from Sandhills-1," Burgess said.

"From an exploration risk point of view, you'd have to say it was a lot lower than other wells in the area. There's technical risk,

deterioration of reservoir quality may be a possibility, but it certainly has a good chance."

Burgess hopes to announce up to three new projects in the short term, with the aim of having six wells by year's end, again including Sandhills, and a mix of Australian wells both on and offshore.

The most recent acquisition involves a 10% farm-in deal with Magellan on two licences (PEDL 125 and 126), again on the Isle of Wight. Black Rock will part of the costs for two exploration wells.

Burgess is looking at a budget of \$2 million, however the spending needs will be dictated by the composition of the final portfolio.

Closer to home he's got his eyes on the Canarvon Basin.

"We're keen to do the right deals, not some of the stupid deals that have been done recently," Burgess said.

"The Cooper Basin is a classic example. If you look at the size of the prospects, what they're paying and the chance of success, some of these people need a success on two out of three wells to make a return. The chance of that is not that good. You really need something with follow-up potential, size etc."

The aim is to have a portfolio that will differentiate Black Rock for the market.

"There are not a lot of companies in Australia playing in the UK exploration scene. We'll be a different there. We'll have some Cooper Basin acreage, and we'll have a West Australian permit that we will work up to drilling, although not within the first 12 months."

Burgess admits finding the right Australian acreage is challenging but is not limiting the portfolio to this country.

"We want mature areas we can drill early, get discoveries, and get the things up and running.

"We're tending not to go for deepwater stuff purely because of the costs of drilling, we're also staying away from things which are away from markets."

The company will retain its AIM listing, and it will promote itself more in the UK.

"The UK market is obviously more buoyant for investment, and we would not like to lose that potential although we don't want to sideline our Australian investors."

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