

# BUSINESS DAILY

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## MONEY MARKETS

# Australian firm to start search for oil in Coast next year



The discovery of oil deposits in Turkana County should serve as a pointer that the country is endowed with mineral wealth. File

Pancontinental Oil & Gas has announced that it expects to start drilling for oil and gas off the coast of Kenya next year, as prospecting for natural resources by international companies intensifies.

The Australian-based exploration company, in its latest quarterly report released on Friday, has said that First Australian Resources (FAR)—which owns part of the rights to one of its drilling licence—has already started receiving tenders for seismic surveys expected to begin next month.

FAR—which is also Australian based—owns 60 per cent of the rights to explore for oil and gas on the L6 onshore and offshore block that covers a distance of approximately 3,100 square kilometres.

Pancontinental said FAR, which acquired the rights from Gippsland Offshore Petroleum Limited, is seeking tenders for seismic surveys to be done over a 700 square kilometre area on the southern offshore part of the license areas known as Kifaru and Tembo.

“Pancontinental expects that the 3D survey will lead to the identification of one or more locations for drilling in 2013/2014,” said the company in the report.

It is also exploring the offshore portion of the licence area after finding encouraging hydrocarbon generation and migration studies.

The report said that a deep central depressed block of land bordered by parallel faults in the Kifaru and Tembo areas is considered to be oil and gas “source kitchen” and potential hydrocarbon trapping prospects had already been identified immediately adjacent to this area.

In March, President Mwai Kibaki announced that Tullow Oil, a United Kingdom-based petroleum explorer, had found oil deposits in Turkana.

The announcement raised prospects that other parts of the country could be rich with oil and gas resources that are yet to be exploited.

Tullow also discovered oil in neighbouring Uganda, but its revenue sharing contracts with the government have been shrouded in controversy.

Pancontinental, which owns 40 per cent of the oil and gas exploration license of the L6 onshore and offshore block, also owns 15 per cent respectively of the L8, L10A and L10B offshore blocks which are all off the shores of the Kenyan coastline.

The other stakes in these oil blocks are owned by Apache Petroleum Corp., BG, Origin, Tullow, Cove and Premier.

The country’s natural resources profile has also been rising with a number of international firms acquiring natural resource prospecting licenses.

A Canadian firm, Cortec Mining Kenya, which is preparing to start mining niobium in Kwale is planning to convert its special prospecting licence into a mining lease and invest Sh7.5 billion (\$88 million) over a period of 20 years.

In December last year, Chinese firm Fenxi Mining Group was granted a coal mining concession for the Kitui fields.

Other minerals found the country include soda ash around Lake Magadi, fluorspar in Kerio Valley, titanium in Kwale, Malindi and Lamu, gold in Kakamega and Vihiga and iron ore in parts of Taita, Meru, Kitui and Kilifi.





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