



Wraps: Oil & Gas

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WHL Energy, Pancontinental Oil and Gas and FAR make gains on East African oil and gas interest

East African oil and gas has received another surge of interest after another oil discovery was made in Kenya, sending shares in ASX listed companies WHL Energy (ASX: WHN), Pancontinental Oil & Gas (ASX: PCL) and FAR Limited (ASX: FAR) up.

Africa Oil (TSXV: AOI) had last week encountered an additional 43 metres of net oil pay at its Ngamia-1 wildcat well in Kenya Block 10BB, adding to an earlier 100 metres if net pay in a shallower sand.

Despite this already impressive result, drilling of the well was cut short after encountering the basin bounding fault, which cut off a large chunk of the prospective reservoir, making it likely that wells drilled away from the fault could encounter the complete reservoir section with improved reservoir thicknesses and quality.

The find just adds to the growing perception of East Africa as the next big petroleum province.

Exploration in the waters off Tanzania and Mozambique have seen 24 discoveries with potential reserves of about 100 trillion cubic feet of gas from 27 wells, a unheard of success rate that could continue and potentially double this resource.

In comparison, Australia has estimated reserves of about 390 trillion cubic feet of gas.

Attention on ASX juniors

Little wonder than that Australian juniors operating in East African have seen a very positive run on the ASX today.

Seychelles explorer WHL Energy has seen its shares rise 9.68% to A\$0.035 today with more than 25 million shares changing hands while Kenya players Pancontinental Oil & Gas has seen a 7.69% increase to A\$0.21.

FAR Limited reached an intra-day high of A\$0.053 before closing at A\$0.05.

Volumes for the two companies were also notable with 10.8 million Pancontinental shares and more than 40.3 million FAR shares traded.

WHL Energy continues to progress talks to farm out interests in its Seychelles permits, which cover 21,426 square kilometres, in return for funding a drilling program that is expected to start in 2013.

These permits have being independently assessed by leading international petroleum consultant Netherland Sewell, & Associates to hold developed, unrisks net mean prospective P50 resources in the 21 most advanced leads and prospects of 3.5 billion barrels of oil equivalent.

An internal analysis completed by WHL Energy estimated unrisks, net mean P50 prospective resources in over 27 leads and prospects of 5.5 billion barrels of oil equivalent.

Meanwhile, Pancontinental Oil & Gas will participate (through its 15% shareholding in L8) in the highly prospective Mbawa prospect targeting up to 700 million barrels of oil that operator Apache Corporation (NYSE:APA) is drilling next month.

Australian energy major Origin Energy (ASX: ORG) also holds a slice of this potential resource with a 20% interest in

Share Information

Code:

Listing:

Sector: Financial Services

Website:

Company Synopsis:

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L8.

FAR had last month started shooting 680 square kilometres of 3D seismic to better define the 7 prospects it has identified in the L6 permit, Lamu Basin.

The L6 permit is immediately north of recent, world scale, natural gas discoveries totalling around 100 trillion cubic feet off the coasts of Mozambique and Tanzania.

East African future

With supermajors such as ExxonMobil and Shell already in or looking to break into East Africa, there is little doubt that more activity will follow suit.

Plans have already been laid for further drilling offshore Kenya, Mozambique and Tanzania while the onshore assets are also starting to draw attention.

The large gas reserves found so far have the potential to support liquefied natural gas projects that could sell to Asia or possibly Europe.

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