



LAKES OIL N.L.

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14th July 2015

Mr David Davis
Chairman Legislative Council – Onshore Unconventional Gas Inquiry
Parliament of Victoria
Spring St
Melbourne, Vic 3000

Dear David,

RE: Request for Lakes to be able to drill two “proof of concept” wells to provide the inquiry with the relevant information regarding Victoria’s onshore gas prospectivity.

Lakes wishes to thank the Chairman and the Committee for giving Lakes the opportunity to present at the public hearing held in Sale and at the visit to the Wombat-3 wellsite near Seaspray. Lakes hopes that the detailed written submission it made to the Inquiry will further strengthen the scientific and economical reasoning for the exploration ban and the moratorium to be lifted.

As requested at the hearing Lakes wishes to be permitted to drill two “proof of concept” vertical, conventional wells to test the prospectivity of the “tight” Eumeralla Formation in its permit to the north of Port Fairy. As mentioned at the hearing there is potentially very significant amounts of gas present in this formation which has never been tested in this part of the Otway Basin. Wells drilled around the Port Campbell area have flowed commercial rates from this formation and the data analysis suggests that commercial rates should be achieved in other areas across the basin. The drilling of these two wells will provide the necessary data for the Committee to be able to assess the prospectivity of the deeper gas prone formations across the State. We therefore request that as part of the Interim Report, to be released on the 1st September, the Committee make the recommendation that Lakes be permitted to drill the two wells to enable the necessary data to be collected to allow the Committee to make a fully informed, scientifically based decision on the prospectivity of Victoria’s onshore gas resources when it hands down its final report in December.

The two wells will be drilled conventionally with the aquifers isolated before the reservoir section is drilled to ensure no interaction with the aquifer can occur as per normal good oilfield practice. It is then planned to drill the reservoir section underbalanced with air to give the formation the greatest chance to flow and help correlate the analysis from the historical wells across the area. The analysis of the historic wells suggests that the wells will be able to flow at commercial rates without being fracture stimulated. If this analysis is proven correct then a very large, clean, cheap resource exists across southern Victoria which will be able to be safely exploited for the benefit of the State and especially the regional areas where the majority of the jobs will be created.

Please don’t hesitate to contact me if you have any queries and we look forward to your favourable response to our request.

Yours sincerely,

Tim O’Brien
Operations Manager
Lakes Oil N.L.