

## TAG Kicks Off Cheal Optimisation Program

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Neil Ritchie, New Zealand

**NEW Zealand-focused Canadian junior TAG Oil has started a program at the onshore Taranaki Cheal oil field aimed at increasing production and reserve recovery rates, while further reducing production costs and establishing a new production horizon.**

Chief operating officer Drew Cadenhead told *PetroleumNews.net* this morning that his company was hoping for “significant material additions” in recoverable reserves and net present value for Cheal from this optimisation work – TAG’s first major program for the field following its buyout last October of bankrupt former Cheal operator Austral Pacific Energy.

He said the first phase of the program – a workover of the Cheal-A3X well – was nearly completed and the second phase fracture stimulation of the nearby Cheal-A7 well was about to start.

The Ensign Rig 6 started the Cheal-A3X workover early last week and the wellhead had been repaired, removing a leaking casing patch and setting a removable bridge plug that temporarily suspended production from the Miocene-aged Mount Messenger formation at a depth of about 1800m.

Then a completion string was reconfigured with wax reduction technology and re-installed to test the shallower Miocene-aged Urenui formation found about 1400m down.

The fracing of the Cheal-A7 well would involve pumping about 50 tonnes of sand down into the Mt Messenger formation, forcing open some of the overlapping turbidite sands, effectively creating new reserves.

Downhole completion equipment would be reconfigured to increase oil flow capabilities in the wellbore and to reduce operating costs.

Cadenhead said while this would be the first frac for Cheal, he was confident of improving flow rates from the well based on his experience with former Ngatoro field operator Fletcher Challenge Energy. During the 1990s, FCE fraced the Ngatoro-7 well, accessing new reserves and improving oil flow rates, from about 175 to about 550 barrels per day.

“TAG is confident it can increase flow rates at Cheal-A7 from about 100 barrels per day to more than double that,” he said.

Lastly, TAG will go back to the first Cheal well drilled, re-entering the suspended Cheal-1 well but plugging back the hole to test the previously bypassed Urenui formation.

Cheal-1, originally drilled by New Zealand Oil & Gas in 1995, unsuccessfully targeted the deeper Miocene-aged Moki formation, though the Urenui was encountered, perforated and tested, flowing at rates of about 50bpd of oil and more than 1 million cubic feet per day of gas.



The Cheal oil field's production station

TAG will add downhole heating and other wax reduction technology to this well also and retest the Urenui formation.

Cadenhead added that all 11 Cheal wells drilled had encountered hydrocarbon shows in the Urenui formation but this had been bypassed to focus on the Mt Messenger. The Urenui currently has no assigned reserves at Cheal.

He noted that the current overall recovery factor from the Cheal field was “a very poor” 8%, while the nearby Ngatoro and Kaimiro fields had already achieved a 20% recovery factor.

“If we can replicate that at Cheal, more than double our recovery, that will mean a huge material addition to NPV, significantly increasing the value of Cheal while also increasing recoverable reserves.”