

Gas plant plan could offer savings

It has drilled a single well to date in the Sorochynska licence, but Hawkley Oil & Gas has been so impressed with the productivity of its inaugural project in the Ukraine's Dneiper-Donets Basin that it has decided to build a stand-alone processing facility.

Production from Sorochynska Well-201 is limited to 7.5 million cubic feet per day due to the design of the existing third party processing plant.

Current production from the field is 7mmcfpd and 200 barrels of condensate per day.

The condensate separating train is inefficient, and while the plant's operator is adding additional separators and heaters, Hawkley believes that by spending \$2-3 million of its own money it can increase its capability to up to 30 mmcfpd. In the process it would save \$300,000 per month in fees and better manage the separation of gas and liquids.

The new plant will be able to process gas from Well-201 and the proposed Well-202, however the final design will depend on the anticipated peak flow rate from the B18b reservoir.

Expansion

Initially the B18b was believed to host be 13.2 bcf of gas and 350,000 bbl with expected flow rates of 4mmcfpd, however Well-201 looks to be sustainable at rates of up to 10 mmcfpd initially, and three wells should be able to recover about 46 bcf of gas and 1mm bbl over 20 years.

Hawkley will spud Well-202 before the end of the year, while it works on a feasibility study.

Construction of the plant should take about three months, however it could take 6-9 months to clear all government approvals and gain access to the international pipeline.

Next year the company intends to test the separate B24/B25 reservoirs in the western part of the licence.

The B24/25 reservoirs which could offer an additional 320 bcf and have been partly de-risked by older wells that have flowed hydrocarbons in the area.



A new 20 mmcfpd processing facility could pay back in less than one year.

Hawkley has also started drilling its second project elsewhere in the basin. Chernetska-1 is attempting to appraise existing, undeveloped discoveries, initially the shallow B20 zone which may host up to 5mm bbl of reserves.

A previous well within the block flowed oil on test in 1979.

The B20 is expected to be intersected in August, but the well may be deepened to assess the deeper B24/25 stratigraphic intervals and the B21/22 sandstone.

Dry-hole cost for material and services is budgeted at US\$8 million.

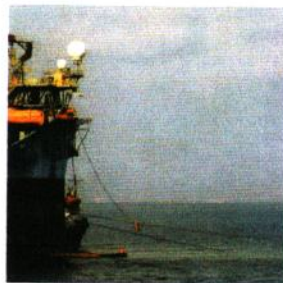
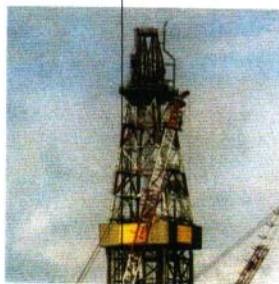
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