

Falcon Oil & Gas Ltd

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Falcon Oil & Gas says Kyalla well will be sidetracked to overcome drilling challenges

Falcon Oil & Gas Ltd (LON:FOG, CVE:FO) told investors that the Kyalla 117 N2-1H well, at the Beetaloo shale project, will undergo sidetrack drilling after the well's original horizontal section experienced operational challenges.

The Australian shale well's vertical section was completed in November, and, horizontal drilling subsequently began in early December. After 700 metres - of a section intended to span at least 1,000 metres - drilling challenges were encountered affecting the maintenance of clean hole conditions and stability in certain sections.

As a result, the original production section will be plugged, in line with regulatory requirements, before the sidetracking and drilling of a new horizontal production section.

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The company noted that such work is not uncommon in an exploration drilling program like this.

It is expected that the new drilling will start next month. Fracture stimulation activity will only occur after the successful completion of drilling and the integrity of the well is tested and verified.

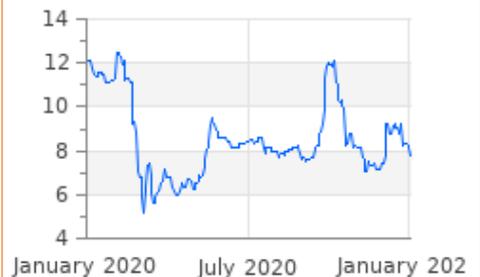
Despite the operational set back, the company noted that results obtained to date show the target shale formation has good reservoir continuity, conductive natural fractures, and continuous gas shows.

Falcon chief executive Philip O'Quigley said: "Whilst it is unfortunate to have encountered these operational difficulties, which will add to the time and cost to drill the horizontal section, the JV remains as optimistic about the potential of the Kyalla and we look forward to updating the market with further updates in due course."

Price: 7.8

Market Cap: £76.58 m

1 Year Share Price Graph



Share Information

Code: FOG

Listing: AIM

52 week High Low
13 4.9

Sector: Oil & Gas

Website: falconoilandgas.com

Company Synopsis:

Falcon Oil & Gas Ltd. ("Falcon" or "Company") is an international oil and gas company engaged in the acquisition, exploration and development of unconventional oil and gas assets. The Company's principal interests are located in two major underexplored basins in Australia and South Africa; with further interests in Hungary, covering approximately 12.3 million gross acres.

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