

VIDEOCAST: Melbana strikes oil before main targets

ASX-listed Melbana Energy (MAY) has made significant progress at its onshore oil exploration campaign in Cuba, and has already encountered surprise hydrocarbons at its first well, Alameda-1.

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Melbana's two-well campaign is perhaps one of the most exciting to be drilled by a company listed on the local bourse this year.

The Alameda-1 well has already hit oil and gas, well before its main targets. It was spud in early September and quickly encountered strong pressure and oil shows.

"Almost as soon as we started drilling, we entered an oil interval that continued for over 600 metres in an area that wasn't one of our prospects," Melbana executive chairman Andrew Purcell told *Energy News*.

"This is a bonus, and we are very excited to see what this means."

There are three different areas of interest Alameda-1 is targeting: Amistad (the shallowest target), N Structure, and Alameda.

In total, the three structures are estimated to contain a resource of 141 million barrels of oil.

It is preparing to drill ahead at Alameda-1 this week and if the results to date are anything to go by, we can expect more exciting news around the new year.

Zapato-1 is the second well in the campaign and is targeting a similarly massive resource of 95 million barrels of oil. It will be drilled directly after Alameda-1 using the same rig from Sherrit International.

While many ASX listed explorers chase small to mid-sized prospects domestically, Melbana's mantra is, go big, or go home.

An underexplored PSC:

Melbana's tenement is called Block 9 and covers a massive 2344 square kilometres on the northern coast of the island nation.

It is about 140km east of Havana and sits on an extensive hydrocarbon system which has historically seen major discoveries such as the Varadero oil field.

Varadero was an 11-billion-barrel crude discovery and quickly became Cuba's most important oil field supplying the domestic electricity market.

Notably, Cuba generates over 90% of its domestic electricity from hydrocarbons, namely oil.

As operator, alongside Angolan state-owned oiler Sonangol, Melbana holds a 30% interest in the block.

"Our partner is writing most of the cheques, which we are very appreciative for, but we are the operator," Purcell said.

While it is somewhat early days for Melbana, the company is charging ahead and if it hits the mammoth payload it hopes to, has two options to market.

The domestic energy market sorely needs new investment and new development to meet increasing electricity demand.

Melbana will sell any oil produced to the domestic market, at the same price it would to international markets.

Infrastructure is already available with pipelines and storage to the north.

At current benchmark oil prices, if the wells come up productive, Melbana Energy will move from being an explorer to a producer of scale.

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