

U-Gas News Report

Unconventional Gas Activities in the World

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PUBLICATION

UNITED STATES : A comparison between conventional and unconventional gas resources in the United States can be found in a presentation made by Vello Kuuskraa, President of ADVANCED RESOURCES INTERNATIONAL, INC. for the Clean Technology 2009 conference. The title of this presentation is: Paradigm Shift in the Domestic Natural Gas Resource Base.

The document can be downloaded at:

<http://www.adv-res.com/pdf/KuuskraaNatGasCleanTechMAY52009Houston.pdf>

COALBED METHANE & COAL SEAM GAS

EXPLORATION DISCOVERIES

INDIA : ONGC plans to start the second exploration phase of West Bengal CBM

Block. — UG₂₉₋₁

Oil and Natural Gas Corporation Limited said recently that by 2009-end it will start second phase of exploration at its coal bed methane block at Raniganj in West Bengal. Exploratory process for coal bed methane block would involve three steps of an exploratory phase, a pilot phase and a final development phase. ONGC had to finish its second stage of findings by 2011, as per its commitment to the government of India. The company is hopeful of finishing the second phase by 2010, further informed CK Prasad, project manager for CBM development project of ONGC. (Energy business review, April 13, 2009)

NEW ZEALAND : L&M Petroleum confirm coalbed methane presence in Bogle-1 well

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L&M Petroleum announced recently that initial test results from the Bogle-1 Coal Seam Gas exploration well confirmed the presence of coal seam gas within coal cores retrieved during drilling. The well, located in the central portion of Petroleum Exploration Permit 38226 (Waiau) adjacent to the proven Ohai coalfield in the South Island of New Zealand, reached its programmed total depth of 561m with approximately 5m of coals intersected. Initial crush test results on representative

coal cores, recovered from 477m, indicate coals contain 2.43 m³ / tonne of methane gas. The Bogle-1 well is the first of seven wells in the Company's 2009 coal seam gas exploration program. The drilling campaign is designed to firm up the potential in the company's onshore Western Southland Basin permits. Initial analysis indicates the permits may hold up to 300 PJ of coal seam gas resource. (L&M Petroleum press release, May 14, 2009)

PRODUCTION

INDONESIA : Government signs new contracts on coalbed methane development projects. — UG29-3

The Indonesian government signed recently contracts with three investors for developing coalbed methane gas, according to the Ministry of Energy and Mineral Resources. A consortium of three contractors led by state-owned PT Pertamina will develop the CBM project in Sangatta Block II in Kalimantan, while PT Artha Widya Persada will develop the Tabulako Block in Sulawesi and PT Organ Interior Gas the Ogan Komering CBM reserve in Sumatra. (Dow Jones, May 5, 2009)

RESERVES

AUSTRALIA : Origin expects to book new CBM reserves in Queensland. — UG29-

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Origin signed recently a conditional deal to buy a coal seam gas exploration permit in Queensland. The permit in the Undulla Nose coal seam gas province would be purchased from the Pangaea group. Origin expects to book proved, probable and possible reserves of CSG of around 1150 petajoules in respect of the area at June 30

with further contingent resources of about 500PJ. Origin managing director Grant King said. "[The area] is near gas transmission infrastructure that services existing gas markets and is close to Origin's Darling Downs Power Station development and the Braemar 1 and 2 peaking power stations". (New Zealand Herald, April 23, 2009)

SHALE GAS

EXPLORATION - DISCOVERIES

UNITED STATES : Goodrich Petroleum tests gas at Haynesville Shale. — UG29-5

Goodrich Petroleum Corporation announced recently results on three Haynesville Shale wells. The Company has completed its initial horizontal Haynesville Shale well in East Texas, the J.K. Williams 7H, which tested at a rate of 7.0 MMcf per day on a 34/64 inch choke with 2,800 psi. The well is located in the Company's Beckville/Minden area of Panola County, Texas. Goodrich is operator and owns a 100% working interest in the well.

The company has also completed two additional Haynesville Shale wells in the Bethany-Longstreet field of Caddo and DeSoto Parishes, Louisiana. The Chesapeake Energy - Branch 2H-1 tested at a rate of 14.3 MMcf per day on an 18/64 inch choke with 6,750 psi, and the Chesapeake Energy - ROTC 1H-1 tested at a rate of 14.1 MMcf per day on an 18/64 inch choke with 7,150 psi. The company owns a 50% working interest in both wells. (PRNewswire, May 18, 2009)

UNITED STATES : Atlas Energy Resources reports successful horizontal Marcellus Shale wells. — UG29-6

Atlas Energy Resources, LLC announced recently that its third horizontal Marcellus Shale well had achieved an initial 24-hour rate into a pipeline of 10.1 million cubic feet of natural gas equivalents. Atlas Energy has now successfully drilled and cased eight horizontal Marcellus Shale wells in southwestern Pennsylvania since commencing its horizontal drilling program in the fourth quarter of 2008. Three of these wells have been turned into line and have achieved an average initial rate of production of approximately 5 Mmcfe over a 24-hour period. During the remainder of 2009, the Company plans to turn into line an additional 12 horizontal Marcellus

Shale wells, including the five horizontal wells already drilled and cased. The company intends to drill at least 24 horizontal Marcellus Shale wells for its own account during 2010. (Business Wire, May 6, 2009)

PRODUCTION

UNITED STATES : Eni and Quicksilver Resources in partnership to develop shale gas in Texas. — UG29-7

Eni has recently executed a strategic alliance with Quicksilver Resources Inc. to acquire a 27.5% interest in the "Alliance" area, located between the cities of Fort Worth and Dallas in Northern Texas. The Quicksilver leasehold interest in Alliance covers an area of approximately 53 square kilometres, with production from unconventional gas shales located in the Barnett Shale formation of the Fort Worth Basin. Quicksilver will retain the 72.5%

interests and operatorship of the alliance properties. The alliance will foresee a mutual technical exchange between the two companies, particularly in drilling and completion technologies and geophysics. Eni will also have the right to 27.5% participation in additional future leaseholds that Quicksilver may acquire in the "Area of Mutual Interest" around Alliance covering approximately 1,092 square kilometres. (Eni press release, May 18, 2009)

GAS HYDRATE

EXPLORATION - DISCOVERIES

The Spring 2009 issue of Fire in the Ice has been published. This issue includes an exclusive update on the currently underway Gulf of Mexico JIP hydrate cruise, a detailed description of gas hydrates in the Sea of Okhotsk, a roundup of personal stories about grad student researchers working on hydrate projects

The full document can be downloaded at:

<http://www.netl.doe.gov/technologies/oil-gas/publications/Hydrates/Newsletter/MHNewsSpring09.pdf>

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