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Roe's target is international exploration



Taking aim: Target Energy managing director Laurence Roe runs expanding US oil operations from Perth

Picture: Marie Nirme

Nigel Wilson
Exploration

LAURENCE Roe stands as a model of what is happening in the oil and gas business today.

Since migrating to Australia from the English Midlands at the age of 16, Mr Roe has studied civil engineering at the University of Adelaide, then worked in the Cooper Basin with Santos and in the Eromanga in Queensland with Energy Equity. Then there were jobs with a variety of other companies as both employee and consultant.

Now he is managing director of Australian company Target Energy, which is producing properties in Louisiana and Texas.

Not only that, he's looking to take the classic small-cap into Central and South America in the search for a discovery that will be a company maker.

Target Energy only listed on the Australian stock exchange in November last year.

The company is pursuing low-risk, medium-reward targets, with equity participation ranging from 10 to 25 per cent.

Its first well was drilled in December 2006 and, out of the five wells it has invested in during the past year, four have made discoveries.

These give Target a net revenue of about \$US60,000 a month which, Mr Roe said, covered its operating costs.

The latest well, Snapper A-2 in St Martin's Parish, east of Lafayette in Louisiana, is a classic example of the Target business model.

The company has a 25 per cent stake in the well, which has encountered seven pay zones over 28.7 metres, with both oil and gas production potential.

Because the well was spudded next door to another new discovery, Snapper A-1, the partners' risk profile was not high, assuming the well costs could be contained.

Mr Roe said the pre-drill estimate for Snapper A-2 was 1 million barrels of oil and up to 1.5 billion cubic feet of gas.

The next step will be to release the rig and bring a workover rig on site to complete the well and prepare it for production.

Mr Roe said once the well had been cleaned up, it could be in production within 30 days, because of its proximity to existing infrastructure.

"We'd be hoping that it will come in at around 200 barrels of oil a day or up to 2 million cubic feet of gas," he said.

Snapper A-2 will join Thoroughbred, Garwood and Snapper A-1 as a producer.

Target has four more US wells to be drilled before the end of the first quarter 2008, including Teche, in which it has a 10 per cent stake and is now drilling.

Teche has a prognosis of 11.3 to 22.4 billion cubic feet of gas.

Mr Roe said the company's

2008 plans included pursuing medium to high impact — greater than 100bcf targets — and drilling with a number of potential propositions was now being screened.

Target would also review merger and acquisition opportunities, but he stressed the company wanted to be the acquirer, not the target.

But running a company operating in the US from Perth has its downside, particularly when you have a family.

It's not just that Louisiana and Texas are a long way away, it's also that once there the work tends to stretch for weeks rather than days.

So, probably one of the next announcements from Target will be the establishment of a US office and in-country representation. And a US manager will free up Mr Roe to assess opportunities in one of the new international hot-spots for exploration, Central America.