

THE AUSTRALIAN

| MARKET | | S&P/ASX | |
|------------------|---------------|----------------|---------------|
| S&P/ASX 200 | AUD/USD | TOP GAINER DMP | TOP LOSER AIO |
| +1.15% | +0.14% | +9.64% | -7.62% |
| 5290.1000 | \$0.73 | \$46.62 | \$7.88 |

BARRY FITZGERALD THE AUSTRALIAN OCTOBER 16, 2015 12:00AM

FAR's African oil drill

Being involved in the biggest offshore oil discovery in the world in 2014 offshore Senegal hasn't meant much for Melbourne's FAR Ltd (FAR). It has pretty much traded sideways for the past 12 months at or around yesterday's closing price of 8.8c.

The halving in the oil price in the intervening can be blamed for that, even if the Senegal discovery is just that, a discovery, meaning there is plenty of time for the capital strike that has swept across the global oil industry to start to bite and inevitably drive oil prices higher. Having said that, FAR's sideways trade could be about to change thanks to the Cairn Energy-led joint venture, in which it is a 15 per cent partner, which earlier this week they took control of the "Ocean Rig Athena" drillship.

The drillship is now sailing to offshore Senegal to start a three- well drilling program for the joint venture, with two appraisal wells on the SNE-1 oil discovery, which was top of the pops last year, and an exploration well on the Bellatrix prospect.

The aim of the appraisal wells is to confirm recoverable reserves at the SNE find of more than 200 million barrels, the level considered necessary for a viable development. The estimate of recoverable oil in the SNE field ranges from 150 million barrels up to 670 million barrels.

Strong confirming results from the appraisal wells (SNE-2 and SNE-3) would mean FAR's sideways trading would quickly come to an end. That is also the case with the drilling of the 170 million barrel target at Bellatrix, a so-called "Buried Hills" play which sits on the northern flank of SNE, itself a "Shelf" play. It all makes for exciting times ahead for FAR.