

Madagascar Oil upgrades heavy oil estimates for Tsimiroro block

Madagascar Oil has announced a significant upgrade of its oil-in-place (OIP) estimates for Block 3104, also known as Tsimiroro, in Madagascar.

Around 1.69 billion barrels of heavy oil are said to be in place, according to the best estimate provided by independent reservoir engineers Netherland, Sewell & Associates. This represents a 75% increase on previous estimates of 965 million barrels, after 18 of the 24 wells drilled on Tsimiroro in 2010 discovered oil.

“We are delighted to report these new resource estimates, which further demonstrate the enormous potential of Tsimiroro. What we are seeing is the new ‘best estimate’ scenario exceeding the previous high estimates, whilst the updated high estimate provides an indication of just how large a prospect Tsimiroro could be,” said Madagascar Oil’s CEO, Laurie Hunter.

Speaking on September 14, after the announcement, he added: “Following the resolution of the dispute with the government of Madagascar regarding [Tsimiroro] and the government’s agreement to revise the terms of our joint venture with Total E&P on Block 3102 [also known as Bemolanga], we are pleased to be pressing forward on both these significant projects. The approval by the government of our 2011-12 work programme at Tsimiroro affirms its support of the company’s presence and contributions to the country.”

Madagascar Oil reached an important agreement with the country’s government in June that has allowed it to press ahead with its Tsimiroro heavy oil project and to return to London’s Alternative Investment Market (AIM) following a six-month suspension of its shares.

“Tsimiroro remains our primary focus, so we do not believe that the curtailment of activity on the exploration blocks will adversely affect our near-term business. However, we are hopeful that once the country’s political issues are resolved, key government officials will move to address approval of our continuing exploration programme,” said Hunter.

The company said the construction of facilities was under way for its Tsimiroro steam flood pilot. Drilling of the 28 pilot wells is expected to proceed in the fourth quarter of 2011, with first production anticipated in the second half of 2012.