

Lion Energy

15th April 2015

Lion Energy evaluating hydrocarbon shows at Lofin-2 in Indonesia

Wednesday, April 15, 2015

Lion Energy evaluating hydrocarbon shows at Lofin-2 in Indonesia



Wireline logging is currently underway at Lion Energy's Lofin-2 appraisal well. This will be followed by open flow testing to evaluate the 861 metre open-hole section of the Manusela primary objective.

The well may be deepened if testing confirms that it is still in hydrocarbons at the bottom of the hole.

Analysis

Continued hydrocarbon shows from the Lofin-2 appraisal well are potentially significant for [Lion Energy](#) and its partners though wireline logging and flow testing will be required to assess its potential.

The company's conventional assets provide the potential to provide near-term cashflow to fund the longer term, higher reward unconventional exploration.

Notably, its interest in the oil producing Seram block was cash flow positive in 2014 with its large cost recovery pool ensuring that approximately 95% of the oil revenues flowed through to the joint venture.

Despite the modest interest, the block is important to Lion and a recently commenced development drilling phase on the main Oseil oil field is anticipated to significantly grow production.

The company is well-funded with \$5.6 million in cash and deposits as at the end of 31st December 2014.

[Lion Energy](#) ([ASX:LIO](#)) and its partners are evaluating their Lofin-2 appraisal well in the Seram (Non Bula) production sharing contract, Indonesia, after continuing to encounter hydrocarbon shows.

Wireline logging is currently underway to be followed by open hole flow testing to evaluate the 861 metre open-hole section of the Manusela primary objective.

Should logging and testing confirm that the well is still in hydrocarbons at the bottom of the hole, it is likely that the well will be deepened further from the current total depth of 5471 metres.

Lion has a 2.5% interest in the Seram (Non Bula) PSC, which is operated by CITIC Seram Energy Ltd (51%) with

Lion Energy

other co-venturers being KUFPEC (Indonesia) Ltd (30%) and Gulf Petroleum Investment Company (16.5%).

"We continue to be encouraged by results from Lofin-2 with positive geological indications with respect to hydrocarbon shows and reservoir within the Manusela limestone objective, although we caution that performance of limestone reservoirs can be uncertain," chief executive officer Kim Morrison said.

"We compliment the Operator, CITIC, on the successful engineering outcome thus far on the well and now look forward to results of the wireline logging and testing program."

Lofin-2

Lofin-2 was spudded on 31st October 2014 to appraise the Lofin-1 discovery made in 2012 that flowed 15.7 million standard cubic feet of gas and 171 barrels per day of oil/condensate.

It seeks to investigate the extent of the hydrocarbon column below the 160m delineated in Lofin-1 which could not be drilled deeper due to engineering issues.

The well encountered the top of the primary objective Manusela Formation limestone at 4,615 metres, about 345 metres deeper than the top Manusela Formation in the Lofin-1 discovery well.

Analysis

Continued hydrocarbon shows from the Lofin-2 appraisal well are potentially significant for [Lion Energy](#) and its partners though wireline logging and flow testing will be required to assess its potential.

The company's conventional assets provide the potential to provide near-term cashflow to fund the longer term, higher reward unconventional exploration.

Notably, its interest in the oil producing Seram block was cash flow positive in 2014 with its large cost recovery pool ensuring that approximately 95% of the oil revenues flowed through to the joint venture.

Despite the modest interest, the block is important to Lion and a recently commenced development drilling phase on the main Oseil oil field is anticipated to significantly grow production.

The company is well-funded with \$5.6 million in cash and deposits as at the end of 31st December 2014.

Proactive Investors Australia is the market leader in producing news, articles and research reports on ASX "Small and Mid-cap" stocks with distribution in Australia, UK, North America and Hong Kong / China.

Lion Energy

Disclaimer

You understand and agree that no content published constitutes a recommendation that any particular security, portfolio of securities, transaction, or investment strategy is suitable or advisable for any specific person. You further understand that none of the information providers or their affiliates will advise you personally concerning the nature, potential advisability, value or suitability of any particular security, portfolio of securities, transaction, investment strategy, or other matter.

You understand that the Site may contain opinions from time to time with regard to securities mentioned in other products, including company related products and that those opinions may be different from those obtained by using another product related to the Company. You understand and agree that contributors may write about securities in which they or their firms have a position, and that they may trade such securities for their own account. In cases where the position is held at the time of publication and such position is known to the Company, appropriate disclosure is made.

However, you understand and agree that at the time of any transaction that you make, one or more contributors may have a position in the securities written about. You understand that price and other data is supplied by sources believed to be reliable, that the calculations herein are made using such data, and that neither such data nor such calculations are guaranteed by these sources, the Company, the information providers or any other person or entity, and may not be complete or accurate.

From time to time, reference may be made in our marketing materials to prior articles and opinions we have published. These references may be selective, may reference only a portion of an article or recommendation, and are likely not to be current. As markets change continuously, previously published information and data may not be current and should not be relied upon. The contributors make every effort to ensure that the information and material contained in this report is accurate and correct and has been obtained from reliable sources. However, no representation is made about the accuracy or completeness of the information and material and it should not be relied upon as a substitute for the exercise of independent judgment. Proactive Investors does not accept any liability, including negligence, for any loss or damage arising from the use of, or reliance on, the material contained in this report. There are general risks associated with any investment in securities. Investors should be aware that these risks might result in loss of income and capital invested.

WARNING: No recipients should rely on any recommendation (whether express or implied) contained in this document without obtaining specific advice from their advisers. All investors should therefore consider the appropriateness, in light of their own objectives, financial situation and/or needs, before acting on the advice.

DISCLOSURE: The Company, its directors, associates, employees or representatives may not effect a transaction upon its or their own account in the investments referred to in this report or any related investment until the expiry of 24 hours after the report has been published.