

Paloma Deep shines for Neon

Josh Lewis, Upstream, 11-30-11

Australia's Neon Energy has hit multiple hydrocarbon bearing zones in the Paloma Deep well in California's onshore San Joaquin basin.

The well was drilled to a total depth of 13,320 feet and analysis of wireline logs confirmed the presence of hydrocarbons in eight zones, representing about 1000 feet of potential hydrocarbon pay.

The eight potential pay zones intersected were the Tulare sands, Paloma sands, Middle Stevens, Western Flank, Lower Stevens, Antelope shale, Lower Antelope shale and Fruitvale shale.

Neon singled out the Lower Stevens sand which encountered a column of more than 200 feet of continuous potential oil pay and said the potential pay zone could extend over at least 740 acres of its lease holdings in the San Joaquin basin.

It also noted the Lower Antelope shale where it said a combination of naturally fractured shales combined with a mature source rock made the 350 foot section "a prime candidate" for unconventional production.

Neon added the Fruitvale shale, which is 1300 feet thick at the well location, also exhibited characteristics of a producing oil shale.

The company had originally planned to drill the well to a total depth of 15,500 feet but that was revised when a drilling pipe sheared while pulling out after getting stuck and the company was forced to side track the well before drilling deeper.

At the time Neon said it would only drill below 13,200 feet if wellbore conditions warranted the deepening without compromising the ability to run production tests over the shallower zones.

As a result of the revised total depth the Round Mountain objective was not drilled but the company said it would likely be a target of future drilling.

After the well is prepared for production testing the drilling rig will be released and a lower cost workover rig will be brought on location to carry out the production testing programme.

Neon is operator of the well and holds a 75% working interest with Solimar Energy holding the remaining 25%.