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## Finavera's Irish giant gas find: fine, if true

By Patrick Heren

A little-known Irish energy company, Finavera, claims to have identified a potential 4 trillion cubic feet (113 billion cubic metres) of recoverable gas in tight formations in northwestern Ireland. This compares with Ireland's troubled offshore Corrib project, thought to have less than half that volume in recoverable reserves.

However, the announcement today, based on laboratory analysis done by Schlumberger on behalf of Finavera, should be treated with some caution. The gas in what Finavera calls the Lough Allen field in Donegal (also known as the Dowra project) was first discovered in the 1960s, and despite extensive drilling by earlier licensees has never been regarded as commercial.

Geologically, the Lough Allen is primarily a low-grade coal field with methane trapped in tight formations, an independent source told The Heren Report. It stretches from Counties Roscommon and Leitrim in the Republic into Fermanagh in Ulster.

The resource was initially identified by Marathon in the 1960's. The most recent company to try to exploit it was Evergreen Resources, a Colorado-based tight gas specialist (subsequently merged with Pioneer Natural Resources). Evergreen abandoned the attempt in 2002, having brought state-of-the-art technology to bear.

"If Evergreen couldn't make Lough Allen work, I don't suppose anyone can," the source said. That judgement is contested by a Finavera spokesman, who said that Evergreen had drilled only vertical wells, and had not used the horizontal drilling and multistage techniques in which it was a world leader. Also, gas prices were much higher than in 2002.

Finavera's statement said that Schlumberger had "estimated a potential in situ resource of 9.4 trillion cubic feet of gas, or 1.5 billion barrels of oil equivalent, with a predicted average recovery rate of 40 percent.... Three tight gas sandstone reservoirs have been identified from seismic surveying and 14 vertical wells. The resource estimate of 9.4 tcf is based on two of the three reservoirs. Schlumberger has indicated that the potential exists for additional significant gas resources in a third higher porosity reservoir."

Tom Davitt, Finavera's chief executive officer, commented in the statement: "Lough Allen has the potential to change the energy dynamic of Ireland and the UK. There is no doubt that the Irish economy would be in a vulnerable position if there was a serious disruption in supply. The answer to a large part of our security of supply problem could be in the north west of Ireland. It also has the potential to turn Ireland from a net gas importer into a gas exporter. We believe the rising price of natural gas, coupled with the proposed application of proven technology, combine to make this a potential asset of international significance. The drilling technology required to extract the gas economically is used routinely and successfully in similar geological settings in North America and Europe but it has never been applied here."

Expanding on this statement, the Finavera spokesman said that the third, unexplored reservoir was deeper than the two in which the potential 9.4 tcf had been identified. Finavera would conduct further primary seismic this year, to be followed by drilling. The company is looking for EUR 10 million to fund these activities.

Finavera is a privately-held company which focuses on renewables and natural gas exploration. PH