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Carbon Energy (CNX) - Revised gas Reserve estimate for Syngas project in Surat Basin - Speculative Buy



Carbon Energy (CNX)

\$0.023

Recommendation: Speculative Buy

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Event

- An Independent consultant increased its estimate of Carbon Energy's (CNX) gas Reserves on CNX's Underground Coal Gasification (UCG) project in the Surat Basin.
- It is estimated that the project contains 2P gas Reserve of 1,128 PJ (1 Tcf or 188 mmboe), 3P gas Reserve of 5,300 PJ (5 Tcf or 883 mmboe) with total Reserves and Resources (3P + 2C) of 13,810 PJ (13 Tcf or 2,302 mmboe).

Impact

- This is a significant development for the as it has more than doubled the Company's total gas Reserves making it the fifth largest 2P gas Reserves in Queensland. CNX is the only Company globally to have gas Reserves defined in accordance with the SPE Petroleum Resource Management System guidelines.
- The Reserves are based on studies prepared by the Company and independent consultants over the last 6 years and CNX is currently preparing a Rehabilitation Plan for its Bloodwood Creek UCG trial site. This is due to be lodged with the Queensland Government by the end of September 2014. The Rehabilitation Plan is the last documentation required for the Queensland Government to decide whether CNX can proceed with the standard approvals to develop a plan to extract Syngas using its unique Keyseam technology.

Disclosure: Patersons Securities Limited acted as Lead Manager to a Rights Issue in July 2013. Patersons Securities Limited received a fee for this service.

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