

Drillers tap into Kotuku oil seep

Laura Mills

Drilling is under way at Kotuku, 110 years after a railway worker discovered an oil seep bubbling to the surface.

Petroleum Creek Ltd intends drilling up to four wells in the area.

Operations manager Andy Carroll said the drilling operation was already bringing economic benefits to the region, with two local geologists and three drillers employed in the operation, as well as local construction, fencing, earthworks and catering contractors. It was also providing a welcome boost to motels in the Moana area.

Mr Carroll said Petroleum Creek was keen to support local business and had a good relationship with the council, landowners and other stakeholders.

“We think there is good potential for exploration success and small scale development based on existing oil seeps and wells at Kotuku.”

Petroleum Creek is a subsidiary of AIM listed Mosman Oil and Gas.

It has already spent \$500,000 on the Kotuku project in the past year.

Drilling the wells will cost about \$1 million.

On the first well, Cross Roads-1, Mosman plans to test Eight Mile and Cobden limestone formations known to contain oil in offset wells. The well is being drilled vertically from a newly constructed well pad to an expected total depth of 400m.

Mosman executive chairman John W Barr said the board would meet on site next week to review progress and also meet with contractors and stakeholders “who have greatly assisted Mosman achieving this first milestone”.

Oil was first discovered in the Moana area in the late 1890s by workers building the Greymouth-Christchurch Midland railway line. More than 30 shallow wells were drilled, many of which were left to bubble small amounts of oil and gas to the surface. Various attempts have been made over the years to tap the oil reserves.