

International attention in unconventional hydrocarbons development in Latin America has previously focused on Argentina, but a report submitted to Colombia's national hydrocarbons agency (ANH) last year by consultancy Arthur D Little has ignited interest in the Andean country.

Several companies both large and small plan to begin unconventional exploration programs this year in the aftermath of NOC Ecopetrol's recent success in the La Luna formation located in the mid-Magdalena basin.

One of those firms is Amerisur Resources, a London-based company with acreage in both Colombia and Paraguay. BNamericas caught up with the company's CEO John Wardle at the recent Colombia Oil & Gas Summit and Exhibition in Cartagena to learn more.

BNamericas: Amerisur has recently spoken about resuming drilling on Platanillo. How are those plans coming along?

Wardle: Well the rig is mobilizing now. We should be spudding by the last week of this month. It's a six-well program, and we know exactly where the first three are going. The next three wells we aren't committing to where they are going to go, it depends on the results of the first three. But we are committed to drilling them. If everything comes in as we think, we've forecast an exit rate of 5,000b/d for the end of this year.

BNamericas: That would be a considerable jump from your present production levels of 400b/d. You are confident of reaching this target?

Wardle: Well whenever you put a drill bit in the ground, things can go wrong. We've got the best quality of seismic in the world and well control. The reservoirs we are looking at are 50ft [15m] in thickness, but you never know, there is always a risk.

The first three wells are located between our production and other production over the river. The risk on the deliverability on these three wells is very low; we give them an 80% chance of commercial success. We could be a bit in excess, or we could be a bit below, however, I am confident of getting around 5,000b/d.

BNamericas: How about the Fénix block, what are your plans for that block this year?

Wardle: It's hugely interesting. We've got three separate play types in there. In the south of the block, we see a huge unconventional resource potential, plus the normal stuff.

Ecopetrol have just talked about their unconventional well success at La Luna 1, that's only 40km from Fénix. We are going to be working hard to develop that, and you should see some action this year. We are certainly going to shoot seismic there before the mid part of the year. The unconventional looks promising, so we may well punch a well in there as well.

BNamericas: Are you still planning a farm-out agreement on the license?

Wardle: There is still significant interest, but it's not just Reto Petroleum [a company linked with the potential farm-out last year]. They are still in the frame but it depends when they secure their funding. There are two other companies very seriously interested.

We may still farm it out, however, if the first three wells on Platanillo go as planned, then we probably won't need a partner. We are netting back around US\$80/b, and costs will only go back with increased volume. That could be US\$350,000/d in free cash generation.

Our philosophy has been to go 100% in these things where we think we have a technical edge, and we understand the thing. The whole farm-out idea was a good strategy at the time. If it had happened back then, we would have brought in a partner. However, now with this new success announced by Ecopetrol, we have a massive thickness of the La Luna shale. It just looks right to us.

BNamericas: They are talking about La Luna as being almost comparable to the Eagle Ford. Can it really be that big?

Wardle: It could. In the US, some of the exploitations they do are in shale thicknesses of 400-1,000ft. In the mid-Magdalena, you can get up to 9,000ft of these shales, all stacked up because of the tectonic movement, all the La Luna formation. It's very exciting.

BNamericas: How about in terms of costs, how would they compare to the US?

Wardle: Costs here are abnormally high. To drill a comparative well here you'd pay two and half times what you would do in west Texas. The service sector needs expanding and it needs legislating.

If everyone in the market has the same rates, what do you do? You are at the mercy of these business practices, which are pushing up costs, and that's wasting money. We should be concentrating on getting the wells in the ground.

There is disorder in the market. The ministry of mines and energy needs to start organizing to centrally coordinate drilling programs so that I'm not paying US\$1mn to mobilize a rig, then the next guy 10km away is paying US\$1mn to use the rig.

BNamericas: You complained last year about how permitting delays had affected Platanillo drilling. Is this still something that is affecting you?

Wardle: The problems in the system still concern us, however, I see a lot of positive movements. The formation of the ANLA licensing authority as a separate body is a big step forward. It is still early days, so we have to see what comes out of it.

BNamericas: And finally in Paraguay, what are your plans for this year? Have you any timeframe for production?

Wardle: We have huge plans. There's a whole sweep of play types, from liquids to gas to unconventional. In terms of commercial production, it would be at least three years off. We are hoping for discoveries however at the end of next year.