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Banpu acquires \$210m US shale resource

Agreement covers Northeast Marcellus

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Banpu Plc (Banpu), Thailand's largest coal miner and trader, has acquired another shale gas resource in the US worth \$210 million (7.01 billion baht).

Chief executive Somruedee Chaimonkol said the company has signed a purchase and sale agreement to acquire the operator position and gas portfolio in the Northeast Marcellus natural gas reserves of Pennsylvania.

The reserves are adjacent to the existing shale gas resource in the same state, which Banpu purchased last year, she said.

The sale was reported to the Stock Exchange of Thailand (SET) yesterday.

Ms Somruedee said the acquisition allows

Banpu working interests of nearly 80% in 112 wells and net production interest of some 100 million cubic feet per day.

She said the shale gas resource has proven reserves of 414 billion cubic feet over 32,350 acres in the Marcellus area.

This agreement represents Banpu's fifth shale gas deal in the US, in line with the company's expansion strategy to acquire interest in cash-generating assets and continue diversification into the gas business after focusing on coal mining and power generation for decades.

In April last year, Banpu acquired a 29.4% stake in the Chaffee Corners Joint Exploration Agreement (JEA), which runs a low-cost unconventional operation in the northeastern section of the Marcellus area.

Banpu's net interest in the Chaffee Corners JEA is equivalent to proven reserves of 156 billion cubic feet of dry natural gas.

Gas sale volumes last year averaged 21 million cubic feet per day, said

Ms Somruedee.

The gas is sold entirely in the US domestic market, mainly for power generation, she said.

The Marcellus play is estimated to hold 85 trillion cubic feet of proven reserves and accounts for one-fifth of total US gas production.

Last year Banpu spun off its power business under the name Banpu Power Plc (BPP), which was listed on the SET in October 2016.

Banpu expects total revenue this year to grow 20% from \$2.26 billion last year thanks to rising global coal prices, which are expected to average \$63 per tonne, up 20% from last year's average prices of \$51.53 per tonne. Banpu's total coal sale volume this year will be on par with last year at 45 million tonnes.

Banpu shares closed yesterday on the SET at 17.40 baht, down 10 satang, in trade worth 225 million baht.



Banpu's power plant in Laos. The company has been carrying out an expansion strategy to acquire interest in cash-generating assets and continue diversification into the gas business.