

## Neon Energy to widen Asian exploration

PUBLISHED: 12 Jul 2010 07:07:07

### Angela Macdonald-Smith

Oil and gas junior Neon Energy is in talks for a potential exploration venture in Asia as it seeks to expand beyond its prospective Vietnam acreage, managing director Ken Charsinsky has told Resources Daily.

Mr Charsinsky would not reveal the location but singled out Thailand, Indonesia, Papua New Guinea, Australia and New Zealand as some of the company's favoured destinations.

Earlier this year, Neon partnered with Singapore's private equity-backed KrisEnergy in its Block 120 and Block 105 permits in offshore Vietnam, where it counts international majors such as Exxon Mobil, Gazprom and China's CNOOC among its nearby acreage holders. It expects to follow a similar strategy in any new venture – that is, starting with a significant equity interest in a permit, then selling down to partners to help with funding and share risks.

Securing KrisEnergy as a partner was something of a coup for minnow Neon given the successful track record of the Singapore-based company's backers in South-East Asia. KrisEnergy was set up by the founders of regional explorer Pearl Energy which was eventually sold to Abu Dhabi investment vehicle Mubadala in May 2008 for \$US833 million (\$949 million). KrisEnergy is backed by a \$US500 million commitment from private equity energy investor First Reserve, whose investments include Swiss-based commodities trader Glencore and China's second-biggest coal company China Coal Energy.

Neon still holds 50 per cent stakes in both its Vietnam permits, but expects to sell down further to between 20 per cent and 30 per cent through another farm-out deal before drilling any wells. While the company had already fielded calls from much larger firms wanting to talk about a deal, Mr Charsinsky said Neon planned to hold off from negotiations until it had added more value through analysis of seismic data from its acreage, where several prospects had already been identified, some estimated to have the potential for more than 500 million barrel deposits.

"For us, to be surrounded by the larger companies is a very good place to be," he said.

Neon's production of about 400 barrels a day in the mature onshore Californian oil region produces the steady cash flows it needs to fund its "blue sky" exploration. But Mr Charsinsky was also looking for bigger things there, targeting increased output at the US state's North San Ardo field and testing the 100 million-plus barrel Paris Valley heavy oil field for redevelopment.

The Australian Financial Review

### Related News

Companies [Neon Energy Ltd](#)

Topics [Energy & Utilities/Oil](#), [Energy & Utilities/Gas Extraction](#)



### Create an alert

Click on the links below to create an alert and receive the latest news as it happens

Companies [Neon Energy Ltd](#)

Topics [Energy & Utilities/Oil](#), [Energy & Utilities/Gas Extraction](#)