



Conroe CO₂ flood set as Tinsley responds

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HOUSTON, Aug. 21 -- Denbury Resources Inc., Dallas, plans to pay \$600 million or more to acquire giant Conroe field north of Houston where it intends to begin injecting carbon dioxide within 5 years in a development project worth \$750 million-1 billion.

Recovery at Conroe from CO₂ injection is estimated at 130 million boe, depending on the ultimate recovery factor, and the properties contain 18.2 million boe of proved conventional reserves. Conroe is producing 2,500 boe/d to the interest to be acquired from an undisclosed private seller, which will retain a 2.8% interest, and unspecified other interest.

Meanwhile, the company booked 29.8 million bbl of proved oil reserves as of June 30 at giant Tinsley field, Yazoo County, Mississippi, which has responded to CO₂ enhanced oil recovery and has become the company's highest valued field. This is 75% of the anticipated ultimate tertiary oil expected to be recovered from Tinsley, which averaged 675 b/d in the quarter ended June 30.

Denbury is in final stages of completing a 136 sq mile 3D seismic survey at Jackson Dome in Mississippi to identify more structures that might hold natural CO₂. All but one of 11 structures it has tested so far contain large CO₂ volumes.

Denbury said it might later sell its North Texas Barnett shale properties to finance purchase of the 91.4% interest in Conroe field.

Shipping CO₂ to Conroe in Montgomery County, Tex., will require construction of an 80-mile spur from its planned 24-in., 314-mile Green pipeline from Donaldsonville, La., to Hastings field south of Houston. Green construction could start by yearend. The spur, cost not yet known, could go in service as early as 2012.

Denbury has signed three offtake agreements to buy as much as 800 MMcfd of CO₂ from proposed gasification plants and seven letters of intent that bring its total potential volumes if all projects were built to 2.5 bcf/d. The company believes that enough projects will be built to match or exceed its estimated deliverability of natural CO₂ from Jackson Dome.