



Rialto aims to move up the value chain

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BRETT Woods doesn't muck around when talking about the new focus of Rialto Energy.

There are any number of minnows trying to leverage a good acreage position to a carried interest from one of the exploration majors.

But few have Rialto's new model, which allows the company to leverage up the value chain.

Rialto was put together by Ted Jacobson, formerly with Tap Oil, and its initial public offering last year was based on a single project, farming-in on 30 per cent of Tap's WA-291-P permit in the Beagle sub-basin of the northern Carnarvon Basin, offshore from Western Australia.

It was listed on the ASX in July last year.

Woods, a geophysicist who was a Woodside cadet and worked on a number of that company's projects in Australia and west Africa before joining British group Sterling Energy, was appointed Rialto chief executive officer in June.

But before that he was responsible for negotiating a joint venture agreement between Rialto and Challenger Minerals, a subsidiary of Global Santa Fe, which owns around 60 drilling rigs worldwide.

The agreement provides Rialto with access to a range of high-quality exploration, development or production oppor-

tunities with a guaranteed right to participate, as well as access to offshore drilling expertise and drilling management services.

This is important now because of the worldwide shortage of drilling rigs.

Under the terms of the agreement Challenger has rights and options during the next three years to be co-venturer in global offshore oil and gas opportunities available to CMI.

The US-based company, listed on the New York Stock Exchange, has a market capitalisation of about \$US14.5 billion (\$17 billion), has used the availability of its drilling rigs to secure equity in oil and gas developments and currently has around 70 properties worldwide.

It produces around 50,000 barrels of oil a day and around 70,000 cubic feet of gas.

Woods says that's something Rialto can do as well, taking equity positions of between 10 and 20 per cent in projects investigating known hydrocarbon discoveries.

Rialto is negotiating an agreement covering an appraisal well with agreement expected to be completed before the end of the month.

So while Rialto has funded a 2-seismic program on the Beagle Basin, which is currently being processed, the Challenge Minerals deal provides it with another string to its bow at a time when the market is being dominated by elephants.