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Leases changing hands in the Niobrara

By Tim Monroe

During the Wyoming Business Report's Economic Forecast Luncheon earlier this month, former Gov. Dave Freudenthal alluded to leases being sold off in the Niobrara oil play in southeast Wyoming and northeast Colorado.

There's speculation that the Niobrara shale play didn't pan out as hoped; however, at least one operator said its focus is moving northerly to include eastern Converse County and adjacent areas within the Niobrara.

Chesapeake Energy has offered 257,000 gross acres in Platte, Goshen and Laramie counties. The offering includes state and private leases and some federal lands and existing wells.

The offering listing found at www.meagheroil.com offers the acreage and nine existing wells with five wells awaiting completion. Bids are due on the offering tomorrow, Nov. 30. The Meagher Energy Advisors' listing says Chesapeake will consider bids on all or part of the leases.

Chesapeake spokeswoman Kelsey Campbell in Denver said the company is offering the leases because the company is "refocusing our efforts in other areas of the Niobrara play." She said another leaseholder might be able to move more quickly in the three-county area.

Chesapeake will apparently shift that focus to the Converse County area east of Douglas. (This is roughly the same area where, in August, Chesapeake reportedly struck the long-awaited Wyoming-Niobrara gusher, with an initial production of 1,270 barrels of oil equivalent per day and 2.4 million cubic feet of gas daily. See the eDaily story, "Chesapeake Energy finds 'sweet spot' NE of Douglas" <http://bit.ly/vygw30>.)

Campbell said she cannot disclose production figures from any of the wells offered for sale in the three-county area nor those wells in Converse County. "That information is still proprietary," she said.

The leases offer potential Niobrara and Codell horizontal plays, as well as the potential for deeper exploration in other formations. Most companies have placed a "tight hole" designation with the Wyoming Oil and Gas Conservation Commission on their drilling operations. This means that information on initial production can be held confidential for several months.

EOG has reportedly sold some of its leases in the Denver-Julesburg Basin. EOG was the former oil and gas operation of Enron before the collapse of that company.