



## Is This Oil Field the Next Bakken?

### Description

Over the past few years a handful of energy companies have been silently buying massive tracts of land in a little known area of Louisiana.

Early estimates suggest that this oil rich region could contain 7 billion barrels of recoverable oil... putting it on par with other prolific shale fields like the North Dakota Bakken and the Texas Eagle Ford.

And their bets are starting to pay off. Many of the area's big oil producers have reported spectacular numbers from their drilling operations. And this could be just the beginning.

### Is this North America's next big shale play?

Shale drilling has been a game changer for the U.S. energy industry. Rapid production growth from a number of nearby fields have already handsomely rewarded investors. But there's another play that's catching the attention of oil explorers — the Tuscaloosa Marine Shale in Louisiana and Mississippi.

The Tuscaloosa has been referred to as the Eagle Ford of Louisiana, and it's not hard to see why. According to a 1997 study by Louisiana State University's Basin Research Institute, the Tuscaloosa measures 3.7 million acres in size — larger than the state of Connecticut. And the field is considered to be the source rock for the Lower Tuscaloosa Sandstone and the Austin Chalk formations that have been producing oil for decades.

Over the past few years a number of energy producers have been buying as many acres as they can get their hands on.

Early drilling results from **Goodrich Petroleum** (NYSE: GDP), which owns about 300,000 acres in the play, have been remarkable. Earlier this week the company reported that its Blades 33H-1 well achieved a peak 24-hour initial production rate of 1,270 barrels of oil equivalent per day, or boepd. Even better is the fact that 98% of this production was oil. That's exactly what you want to see with today's low natural gas prices.

To put these numbers in perspective, a well is considered a true 'gusher' if initial production rates

exceed 1,000 barrels per day. So the numbers coming out of Goodrich's Tuscaloosa acreage is truly spectacular.

**Encana** (TSX: ECA)(NYSE: ECA) is also betting big on the Tuscaloosa. Earlier this year the company highlighted the field as one of its five focus plays and has budgeted about \$300 million to develop its acreage. The fact that Encana, which has a diverse portfolio of assets, is willing to go so aggressively after the region is a strong endorsement.

**Devon Energy** ([NYSE: DVN](#)) also likes what it sees in the Tuscaloosa Marine Shale. First-month initial production targets are between 1,000 boepd and 1,200 boepd and more than 90% of that production is oil. And the region's favourable regulatory environment and established infrastructure has also put the play high on the company's priority list.

### **Foolish bottom line**

Almost every company operating out of the Tuscaloosa Marine Shale is reporting blowout numbers. And the three operators I mentioned here are going all-in, spending hundreds of millions of dollars to develop their acreage. While fields like the Bakken and the Eagle Ford steal all of the headlines, the Tuscaloosa is definitely a hidden play for investors to keep an eye on.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:DVN (Devon Energy Corporation)

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