

Oil find first in Central Mackenzie in 75 years
Summit Creek data 'encouraging,' Northrock says

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CALGARY - The Canadian subsidiary of U.S. energy giant Unocal Corp. has uncorked what could be the first significant oil find in the Central Mackenzie Valley area of the Northwest Territories in more than 75 years.

Calgary-based Northrock Resources Ltd. said yesterday drilling results after a winter's worth of testing at its joint-venture Summit Creek property are "encouraging," based on data from its B-44 well that showed flow rates of more than 3,000 barrels of light oil a day.

The B-44 well also produced natural gas at a rate of 10 million cubic feet a day plus another 1,000 barrels a day of water.

"This is the first evidence of a working petroleum system in that area, that we know about, since Norman Wells was discovered [in 1920]," said David Pearce, president of Northrock Resources, a wholly-owned subsidiary of California-based Unocal.

He also said the consortium of five companies behind the remote Summit Creek play, located in the wilds southwest of oil hub Norman Wells in the west-central part of the Northwest Territories, now "need to really find out what we've got first before we take steps towards actually producing oil."

Norman Wells is Canada's second largest onshore conventional oil field, operated since 1943 by owner Imperial Oil Resources Ltd.

Imperial Oil produced about 20,500 barrels per day there last year.

Companies prospecting for oil and natural gas reserves have poked holes into the ground throughout the Central Mackenzie Valley for the past 60 years but always without success.

More than 30 exploration wells have been drilled between Norman Wells and the Summit Creek property since 1940.

The joint venture, with Northrock as project operator, must now drill several more exploration wells in the area with hopes of producing for a longer period of time than B-44.

"This is not a definite but it is encouraging. The pressures at the well head were very good during testing but they were not tested for a long enough time, which means the results could be a one-shot puff-out from the reservoir," said Mr. Pearce.

"It's still in the could-be category. We didn't test long enough to show if it's a huge reserve."

The president of one of the Summit Creek project partners, Pacific Roder Energy Inc., which owns a near 7% stake, is ex-NHLer Dave (Tiger) Williams, the longtime Toronto Maple Leaf and Vancouver Canuck.

Northrock owns a 32% stake. Other partners, all based in Calgary, are Husky Oil Operations Ltd. (29.4%), EOG Resources Canada Inc. (26.3%), Pacific Roder Energy Inc. (6.2%), and International Frontier Resources Corp. (5%).

The remote location of the site meant drilling and construction equipment had to be barged up the Mackenzie River last fall.

"This is real wildcatting stuff," said Mr. Pearce.

International Frontier Resources, a small oil and gas exploration firm formed for the sole purpose of finding reserves in the Mackenzie Valley, was the first junior to acquire a large land base in the region when it negotiated for mineral rights covering about 100,000 acres from the Tulita First Nation seven years ago.

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