

Husky puts drills to huge oil strike

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Husky Energy Inc. says further drilling is on tap in the central N.W.T., an area where it and its partners earlier this year made the first big oil strike in nearly a century.

Calgary-based Husky said two new wells will be drilled in 2006 near the B-44 find, at Summit Creek, 110 kilometres south of Norman Wells in the foothills of the Mackenzie mountains. B-44 was a massive strike, yielding 6,000 barrels of oil and 20 million cubic feet of gas during the testing phase. In contrast, the average Alberta oil well produces less than 100 barrels a day and gas wells in the province average less than 200,000 cubic feet a day.

Husky and its five partners say the strike was the first big discovery in the region since the massive Norman Wells field was found in 1920. Now after completing 200 kilometres of two-dimensional seismic studies near the B-44 site over the summer, one new well will test the size of the already-discovered pool while the second will test another near-by prospect.

Husky, which took over as operator of the property earlier this year from Northrock Resources Ltd. after it was sold to Houston-based Pogo Producing Co. said it's not yet ready to announce how big the reserves may be in the area.

"The area certainly holds a lot of promise but our focus right now is just to test the size of the pool," said Leif Sollid, a spokesman for Husky.

The Norman Wells field was discovered by Imperial Oil Ltd. in 1920 and, with an estimated 680 million barrels of oil originally in place, remains one of the largest onshore discoveries in the country's history. Indeed the field is still producing 22,000 barrels a day for Imperial, which ships the oil to southern markets on a pipeline running into Alberta.

But in the 80 years since Norman Wells was found, no other effort has been able to find significant reserves in the area until the Summit Creek discovery. David Williams, chief executive of junior explorer Pacific Roder Energy Inc., which has a 6.625 per cent share of the find, says Summit Creek is a vindication of his company's eight year search for new reserves in the area.

"Finding another Norman Wells is the reason we're all there and I was the first guy there," he said. "That's what we are hoping for. We went there in 1997 to find that big discovery. And though we now have one we'd like to find 10 more of them. We've drilled quite a few holes up there . . . And now that we've made the first discovery in 85 years in that part of the world it makes us look like we didn't get too many pucks in the head, which is what everybody thought eight years ago."

Husky owns a 29.4775 per cent stake in the find while Pogo's Northrock unit holds 32.5 per cent. Other partners include EOG Resources Canada Inc., with 26.3975 per cent. and International Pacific Resources Corp. with five per cent.

Husky shares fell \$2.78 to \$57.41 in Wednesday TSX Exchange trading. The stock has risen 80 per cent over the past 12 months.

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