

# Husky find boosts Beaufort solution

## Reserves raise hopes for NWT pipeline

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**Husky Energy Inc.** Wednesday announced a new gas discovery in the Central Mackenzie Valley that adds critical mass for a proposed pipeline to the Beaufort Sea.

"It's still in the early stages, but it's encouraging," Husky spokesman Colin Luciuk said. "The gas is part of a pipeline solution to the NWT."

The Stewart D-57 was drilled to 3,147 metres and tested five million cubic feet (mmcf) per day of natural gas from two separate intervals.

Husky said the well confirmed a pay zone at least 50 metres thick and is the first successful penetration of Cretaceous-aged rocks, which opens up a second exploration target. Previous discoveries come from Devonian limestones, which are older, deeper and considered by geologists to be more complex.

Husky this winter also drilled the K-44 step-out well, 1.4 kilometres northeast of the Summit Creek B-44 discovery that tested 20 mmcf and more than 6,000 barrels per day of light oil in the spring of 2004. Results are still being evaluated, the company said in a news release.

Chris Theal, **Tristone Capital's** managing director of research, said the D-57 find is important because it establishes a "middle ground gas basin" along the pipeline route between Alberta and anchor fields on the Mackenzie Delta.

"It backstops the pipeline with another nucleus of gas reserves," he said. "It's really making a case for expansion."

Initial capacity of the proposed \$7-billion Mackenzie Valley line has been set at 1.2 billion cubic feet (bcf) per day, with potential expansion to 1.9 bcf per

discovered in 1919 and came on production with completion of the Alaska Highway during the Second World War.

It is currently producing 22,000 barrels per day and the **Enbridge Inc.** link to Alberta presently has 25,000 barrels per day of unused capacity.

Luciuk said further drilling would be needed to establish a commercial development.

This summer Husky and its working interest partners plan to acquire 200 kilometres of heli-portable seismic to determine future exploration sites.

News of the discovery comes after Husky on May 9 acquired 88,452 hectares at the most recent Department of Indian and Northern Affairs land sale for a work commitment of \$10.5 million, to be spent over the next four years.

With the purchase, Husky and partners hold 327,500 hectares in the Central Mackenzie Valley.

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CHRIS THEAL,  
TRISTONE  
CAPITAL

Husky holds working interests ranging from 26 per cent to 29 per cent with the balance split between **Northrock Resources**, a wholly owned subsidiary of Houston-based **Pogo Producing Company**; **EOG Resources Canada Inc.**; **Pacific Rodera Energy Inc.**; and **International Frontier Resources Corporation**.

Tiny **International Frontier** developed the prospect almost a decade ago and retains interests ranging from five per cent to 7.5 per cent in the Summit Creek and Stewart wells.

IFR chief Pat Boswell estimated the consortium has spent about \$150 million to date, including \$26.5 million each for the two wells drilled this winter and \$9 million to build an access road.

This summer's seismic program is pegged at \$9-\$12 million and Boswell said "it's anybody's guess" how much additional cash will be needed to bring the discoveries on stream.

"We're far from being able to attribute reserves," he said. "But that's not uncommon in a frontier basin. You have to remember, we're in the middle of