

March 23, 2004

N.W.T. Operators In Midst Of Another Busy Drilling Season

By Elsie Ross

With breakup fast approaching, operators in the Northwest Territories are pressing to complete their drilling programs this winter as they work to firm up volumes for nomination for a proposed natural gas pipeline.

As of last week, seven wells were drilling onshore in the Mackenzie Delta and central and southern territories while operators had rig released another six. Four were listed as completions, including re-entries, and operators are continuing to move in rigs and license new wells.

In the meantime, potential shippers on the proposed Mackenzie Valley pipeline have been given extra time to determine how much natural gas they want to nominate for precedent agreements for firm shipping commitments.

Imperial Oil Resources, operator of the Mackenzie gas project, has extended the March 15 deadline for submission of the agreements, as the result of the ongoing discussions and negotiations with shippers, said Imperial spokesman **Hart Searle**. The agreement has been revised and Imperial wanted to give those affected a chance to consider it, he said.

The agreement currently is being finalized and the deadline for the precedent agreement will be about three weeks after receipt of the revised document. Both the gas producers and exploration companies in the Delta would like as much time as possible available to them, said Searle. "There obviously has been a lot of interest in it."

In the Mackenzie Delta, **EnCana Corporation** with partners **Anadarko Canada Corporation** and **ConocoPhillips Canada** spud its first Delta well Feb. 18 at Richards Island, where it shot seismic in 2003. The Umiak N-16 exploration well -- with a targeted depth of 3 364 metres -- was at 734 metres this week. EnCana spokesman **Alan Boras** said the company believes it will finish drilling before it has to shut-down operations April 15.

Elsewhere in the Delta, **Chevron Canada Resources** and its partners, **BP Energy Canada Company** and **Burlington Resources**, are drilling an exploration well at Ellice Island to the east. The well is currently more than half-way towards its 4 000-metre target.

Chevron is also shooting about 278 square kilometres of three-dimensional seismic south of Ellice Island, while EnCana shot five kilometres of two-dimensional seismic.

At Tweed Lake, **Petro-Canada** is completing a re-entry well at a depth of 1 420 metres. The gas well was originally drilled in 1985, said company spokeswoman **Michelle Harris**.

To the south, **Apache Canada Ltd.** with partner **Paramount Resources Ltd.** is drilling two exploration prospects at Nogha and West Nogha south of the Colville Hills, northeast of Norman Wells.

Apache also is completing a Nogha M-17 re-entry on its own at a depth of 1 471 metres. In 2003, the well was completed as a successful Mount Clark gas well but due to breakup it was not stimulated, although it was perforated and flow tested.

In the Flintstone mountain range in the central Mackenzie Valley, Northrock Resources Ltd. and its partners EOG Resources Canada Inc., Husky Oil Operations Limited, Pacific Roderia Ventures Inc. and International Frontier Ventures has been drilling an \$18 million exploration well that spud Jan. 16.

International Frontier reported Monday that the Summit Creek B-44 exploratory wildcat well on the Wilma prospect has been drilled to total depth of 3 035 metres, logged and drillstem tested. Casing currently is being run to total depth and upon completion the drilling rig will be released and transported south to Alberta on the winter road.

Also in the central valley, EnCana and its partners have drilled the Begadeh J-66 exploration well searching for oil, which is listed as standing at a depth of 1 425 metres.

Map Unavailable.

Map courtesy of www.strataweb.com

Anadarko, the busiest operator in the north in 2003, has rig released two wells at Arrowhead River, one a delineation and one an exploration well, both of which were drilled last year and re-entered this year for completions. As of this week, the company had re-entered and was completing the F-56 delineation well and had received **National Energy Board** approval for another re-entry, C-55. Anadarko has drilled a new exploration well at Emile Lake A-77 north of Arrowhead River, with a targeted depth of 2 285 metres.

At Liard, Chevron and 24% partner **Purcell Energy Ltd.** are completing the 3K-29 re-entry development well to a depth of 3 700 metres. The partners also have approval for a re-entry, 2M-25, which has yet to spud although the rig was moving in this week. Both wells are follow-ups to the 2K-29 development well drilled last year. The original K-29 discovery well came on production at 75 mmcf per day of gas.

According to Purcell, the 3K-29 well is expected to start production in May 2004 at approximately 25 mmcf per day of raw gas (17.5 mmcf per day of sales gas), with the second well coming onstream in the third quarter with similar volumes.

In the same area, Paramount has licensed a re-entry of the Paramount et al Fort Liard F-36 well. The 2 000-metre well, drilled with Berkley Petroleum Ltd., was drilled in 1998 and completed the following winter.

To the southwest at Cameron, Paramount and its partners have already drilled five gas wells, followed up by two entries. Paramount has licensed another three re-entries.

The company still is waiting for approval by the **Mackenzie Valley Environmental Impact Review Board** for a five-well oil development program at Cameron.

Also on the regulatory side, the NEB has declined to issue declarations of "significant discovery" to **Canadian Forest Oil Limited** and its partners for the Flett Rapids I-61 well on the east side of the Liard River and the North Liard C-31, C-31A and N-61 wells. Flett N-61 is on the west side of the river about 10 kilometres south of the P-66A discovery. A declaration of significant discovery allows an interest holder to apply to the federal minister of Indian and Northern Affairs for a Significant Discovery Licence, which will continue the interest in the lands.

Under the legislation, it is up to the NEB to make a written declaration of significant discovery concerning frontier lands "of which there are reasonable grounds to believe that the commercial discovery may extend."

Because the proceedings are confidential, the board cannot say why it turned down Canadian Forest's application. According to DOB records, I-61 was drilled and completed in 1999 while Flett N-61 with partner **Ranger Oil Limited** was drilled, tested and completed before being plugged and suspended later the same year.

NEB records indicate the C-31 exploratory well was spud in August 2000 and was plugged and abandoned in 2001. The C-31A well, which spud in January 2001, was suspended in April of that year at a depth of 2 889 metres.