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Operators Gearing Up For Northwest Territories Drilling Season

By Elsie Ross

With growing optimism about the proposed Mackenzie Valley Pipeline, the Northwest Territories should experience another fairly busy winter as operators work to prove up natural gas reserves in advance of a pipeline.

The Mackenzie Delta, though, likely will see less activity as active drillers in the past two years have stopped to review future plans. However, **Chevron Canada Resources** with partners **BP Energy Canada Company** and **Burlington Resources Canada Ltd.** will be back in the Delta for a second year. Chevron has allocated \$35 million for one well and some seismic work compared to \$12 million last year. "We are quite optimistic about our plans," said company spokesman **Dave Pommer**. "We really believe the resource potential here is significant."

Chevron is quite happy with last year's drilling success, which found commercial quantities of natural gas at its Langley K-30 well northwest of Inuvik, he said. The well, which flowed at 18 mmcf per day on a restricted choke, was the first commercial discovery from the Tertiary interval. It was about 11 kilometres from Niglintgak, a **Shell Canada Resources** discovery and one of the anchor fields for the pipeline.

The partners also plan to shoot about 270 square kilometres of three-dimensional seismic over Exploration Licences 404 and 417, south of Ellice Island.

EnCana Corporation, with partners **Anadarko Canada Corporation** and **ConocoPhillips Canada** will drill its first well in the Delta at Richard's Island, where it shot seismic last year. The "pure exploration" well, which will have a projected depth of between 3 000 metres and 3 300 metres, will spud in the new year.

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However, **Devon Canada Corporation** and **Petro-Canada**, which were active in the Delta in previous seasons, will not be there this winter. “This year is a year of taking stock,” said **Michel Scott**, vice-president of frontiers for Devon. “We have drilled six wells already and have been head and shoulders more active than anybody else up there.”

Devon will be looking at what it has achieved so far and trying to determine its next move, he said. “To some degree the heat is off us in the sense that we have protected a fair chunk of these licences,” he said. In future years, Devon will align its spending more closely with the timelines of the pipeline.

In the meantime, the company is working on plans and looking for partners for drilling offshore in the Beaufort Sea. If the company decides to drill the \$50 million to \$60 million well, it will be in the winter of 2005-2006, said Scott. “We are working very hard to put a program together but at the end of the day a lot of things have to come together for us,” he said.

Petro-Canada, which has partnered with Devon as well as drilling its own wells, also will be absent from the Delta this year after three years of activity with mixed success. The area, though, “is still in our future,” said spokesman **Michelle Harris**.

After an unsuccessful well last year with Devon, Shell Canada has no plans to operate any wells this winter, said spokesman **Adrienne Lamb**. “At this point we are looking at the opportunities,” she said.

Farther south, the southern and central Northwest Territories will see less activity than last year. In the Liard area, this will be the second full season in the Liard area for Anadarko, which last winter drilled nine wells, including four Significant Discovery Licences. Plans for this winter call for drilling one exploration well and completing two more wells it did not have a chance to finish last season because of the early breakup.

“Preliminary things look good but there is a lot more work to be done,” said spokesman **Nadine Barber**. “Hopefully after this year we will be able to talk about success.” Anadarko is looking at planning a gas gathering system if it proves up enough reserves, she said. The company is beginning to discuss with the community a proposed pipeline under the Liard River.

At Fort Liard, Chevron may also drill two development wells with partner **Purcell Energy Ltd.**, said Pommer. The company, though, does not yet have regulatory approval for the wells -- which would be follow-ups to the 2K-29 well drilled earlier this year. One well would be drilled from each of the existing K-29 and M-25 well sites.

At Tulita in the central Mackenzie Valley, **Northrock Resources Ltd.** and its partners will drill their first \$18.5 million well southwest of Norman Wells. The company hopes to spend

drill their first \$18.5 million well southwest of Norman Wells. The company hopes to spud the 3 000-metre well, the Summit Creek B-44, in mid-January 2004, said senior geologist **Art Stirrett**. The regulatory approval resulted from a referral to the **Mackenzie Valley Environmental Impact Review Board** by the **Sahtu Land and Water Board**.

At Colville Hills, 250 kilometres northeast of Norman Wells, **Paramount Resources Ltd.** and 50% partner **Apache Canada Ltd.** plan to re-enter the two Nogha gas discovery wells drilled last season to evaluate additional untested zones. The partners also plan to drill additional wells to test other prospects and further delineate the Nogha discovery. The partners hold more than 500,000 acres in the region and are seeking stratigraphically-trapped sweet natural gas and condensate.

The first Nogha well, Apache Nogha C-49, encountered multiple zones of gas-bearing sandstone reservoir within the basal Cambrian section. It was cased and completed as a successful Mount Clarke gas well.

The second well, Nogha M-17, was drilled down structure from the C-49 well and was cased and completed as a second successful Mount Clarke gas producer. Due to breakup, the well was not stimulated but was perforated and flow tested. The wells were drilled to total depths of about 1 500 metres and 1 400 metres, respectively.

While they have not commented specifically on last winter's results, both Paramount and Apache have indicated they were pleased with the program with Paramount describing the results as "extremely encouraging."

While the focus has mainly been on gas development, Paramount also is working on an oil development project at Cameron Hills in the Deh Cho region, just north of the Alberta border. The first phase began operation earlier this year with production up to about 1,000 bbls of oil per day by August.

Paramount currently is waiting regulatory approval for a second phase comprised of five well sites and 22 kilometres of linear disturbance, including six water crossings. The **Mackenzie Valley Land and Water Board** referred the application to the Mackenzie Valley Environmental Impact Review Board citing concerns about the cumulative impacts of the development. The earliest the board could make a decision is January, according to **Roland Semjanovs**, a review board spokesman.