

WESTWARD BOUND

After decades of exploration, a number of companies say the time is right to find oil and gas on Newfoundland's west coast.



Newfoundland and Labrador's four offshore oil megaprojects are all measured by their distance from St. John's. Same with the frontier Orphan Basin. So it might look like all the investment outlay and research buzz of Newfoundland and

Labrador oilplay is sited on the east coast, too. But the west coast of Newfoundland is also seeing a fair share of the action. Two parcels in the Port au Port region fetched winning bids in the 2008 land sales, adding to the batch of permits held by bold junior companies in promising spots both offshore and onshore.

Onshore oil finds are, in fact, the stuff of legend. Wells have been drilled on the Northern Peninsula since 1867. In some places, wells were not even needed to find traces of black gold. Around the town of Parson's Pond, 19th century lore holds that oil used to bubble up out of the ground—and that it made a reliable folk cure for various

ailments. But 21st century enterprises aren't counting on that, and three – Leprechaun Resources, Canadian Imperial Venture Corp., and Vulcan Minerals – are planning west coast wells over the next year.

Calgary-based Leprechaun Resources Ltd. "is trying to find the source of that [Parson's Pond] oil," said company president and CEO John Maher. Leprechaun has consolidated ownership of Licences 101, 102, 103, which includes an area thought to hold about 280 million barrels of oil, and has partnered with Deer Lake Oil & Gas and Vulcan Minerals. (Deer Lake Oil & Gas holds three exploration permits on 90,239 ha in the onshore Deer Lake Basin, where they have drilled Western Adventure #1 and #2 in 2002 and retested #2 in 2005, and another offshore in the Bay St. George Basin.)

"We are trying to make progress to drill several wells near Parson's Pond," Maher said. "We're trying to identify the particular location on the ground at the moment." They don't have a rig contracted yet, but are still "very hopeful we will drill in the fall." Three wells are currently scheduled.

When Leprechaun arguably has local legend on their side, Canadian Imperial Venture Corp. (CIVC) is finding favour in a modern twist of fortune: the growing North American attraction to shale plays. The independent company, with interests on the western Newfoundland offshore and in Southern Alberta, is targeting a well this year in Port au Port Bay, in a parcel called Exploration Licence, 1070, said CEO

and president Steve Millan. This is a joint venture with Shoal Point Energy Ltd. and PDI Production Inc. (which has a production lease on Port au Port); the operator of the group is Shoal Point Energy.

"We are building on a lead from the Shoal Point 2K-39-Z well, which was drilled last summer," Millan continued. "While we were drilling through the Green Point Formation, there was evidence of hydrocarbons being produced into the wellbore." The Green Point is a thick, dominantly shale horizon, which has long been considered as the dominant source rock for the generation of hydrocarbons in Western Newfoundland. Until relatively recently, however, shale was not generally regarded as being capable of producing hydrocarbons at commercial rates. With the application of horizontal drilling and hydraulic fracturing technologies, however, commercial production from shale has been established throughout North America from horizons analogous to the Green Point.

"In fact," said Millan, "our work to date shows that the Green Point compares favourably with the best of the known producing horizons in terms of thickness



Stanley Blanchard standing by #10 hole after an oil drill in 1965. Contributed by: Brenda Biggin.



J.D. Henrys explored in this area in 1913. Contributed by: Brenda Biggin.



Steve Millan



Patrick Laracy

Vulcan Minerals Inc. holds three exploration permits covering 90,239 ha in Bay St. George, and they have been exploring the area since 1996. Patrick Laracy, president of Vulcan, says he's confident exploring western Newfoundland for oil and gas was a good decision for the company.

"We have the technical expertise and the entrepreneurial spirit to undertake the challenge," Laracy says. "The geology is more complicated than what you see in other petroleum areas such as Western Canada, but we're beginning to unravel its secrets. I have no doubt we'll see some significant discoveries."

Vulcan has entered into a drilling contract with Calgary-based Stoneham Drilling Limited Partnership for the use of a telescopic triple drilling rig to carry out the Bay St. George 2009 program. The

drill will move from Oklahoma to western Newfoundland with a planned start date in June. The first well will be Robinsons #1 with a planned depth of 3600 metres; this is the first deep well in the Basin and will test of part of the Hurricane Deeps area. Up to two more wells are planned.

Other companies involved in west coast oilplay include NWest Energy Inc. with four offshore blocks in the Bay of Islands, now engaged in seismic data interpretation with a well possibly planned for next year; and B.G. Oil & Gas Ltd., with an offshore licence west of Flat Bay.

Contact Exploration Inc., a Calgary-based company pursuing prospects throughout Atlantic Canada, also has two exploration permits on Northern Peninsula, adjacent to Leprechaun's, near Portland Creek and Parson's Pond, where they drilled Parson's Pond #1 in 2004, and a third further down the coast at Highlands. And Corridor Resources Inc. holds over 50,000 ha in the Laurentian channel, an area that takes in the

"Old Harry Prospect." Corridor "has no update at this time," president and director Norman Miller responded in an email.

All of this, of course, is good news to the people of western Newfoundland. Brenda Biggin is the mayor of Parson's Pond and she says she's not sure why a company hasn't struck black gold just yet. She says smaller communities often struggle to bring in companies that are serious about drilling. She says she hopes good fortune comes this summer when Leprechaun starts drilling in her town, and that maybe their plan to dig deeper this time will come up with results.

"In this area we believe there is oil, and we'll be lucky enough to have someone find it someday," Biggin says she remembers Javelin drilling for oil when she was a young girl. There are also remnants of oil rigs in the town and she says you can still take a cup and scoop up the oil.

Sharon McLennon is a member of the Western Newfoundland Oil and Gas Steering Committee and says the community has



PHOTO CONTRIBUTED BY: CIVC.

plenty to offer companies that are looking to find oil and gas in the area. She says western Newfoundland offers companies solid infrastructure, educational opportunities and a safe environment. McLennon says the community is just doing its part to help.

"If we continue to work with industry

I think over time it can only help the industry."

And Biggin says there is no envy over the finds of oil on the province's eastern shore; she says they just want a share of the pie.

"We're thinking it's time for us to have something good."

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