



Ministry of
Energy & Mines



Oil and Gas Potential in Interior Basins

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Oil and Gas Division

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Minerals North

Smithers
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Agenda

BC Oil & Gas Key Stats

BC Government Goals & New Initiatives

Interior Basins – Resource Potential

Interior Basins – Risks & Challenges

Interior Basins Development Strategy

Summary

BC O&G Key Statistics

Oil and Gas Activity	2002/03	2003/04 Forecast
Number of Wells Drilled	821	1144
Raw Natural Gas Production (TCF)	1.072	1.068
Oil Production (MBB)	14.715	14.444
Oil and Gas Revenue (\$Billions)		
Royalties	1.174	1.387
Tenure Sales	0.280	0.635
Fees and Rentals	0.052	0.055
Total Oil and Gas Revenue	1.506	2.077



BC Govt Goals & Strategies

Goal

\$20 bil investment 2003 – 2007

Strategy

Develop unconventional resources

Expand into new basins

Interior Basins – emerging opportunities

New initiatives in BC Govt

MEM Service Plan (2004/5 – 2006/7)

**Increase BC's oil and gas production and activity,
and expand into new basins**

Throne Speech (Feb 2004)

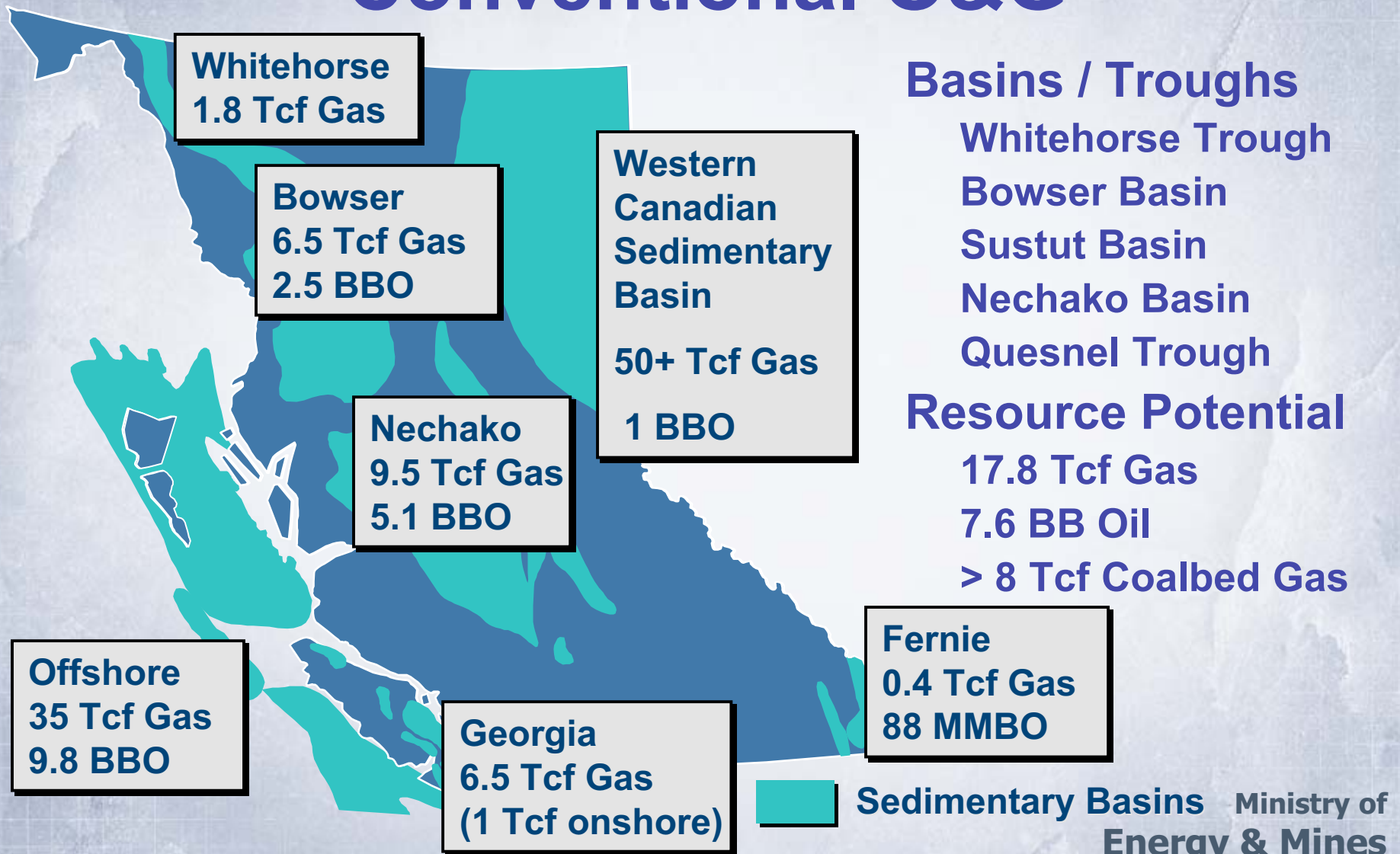
**The government is taking action to encourage
exploration in northeast B.C. and the Nechako
and Bowser basins**

BC Heartlands Economic Strategy (Feb 2003)

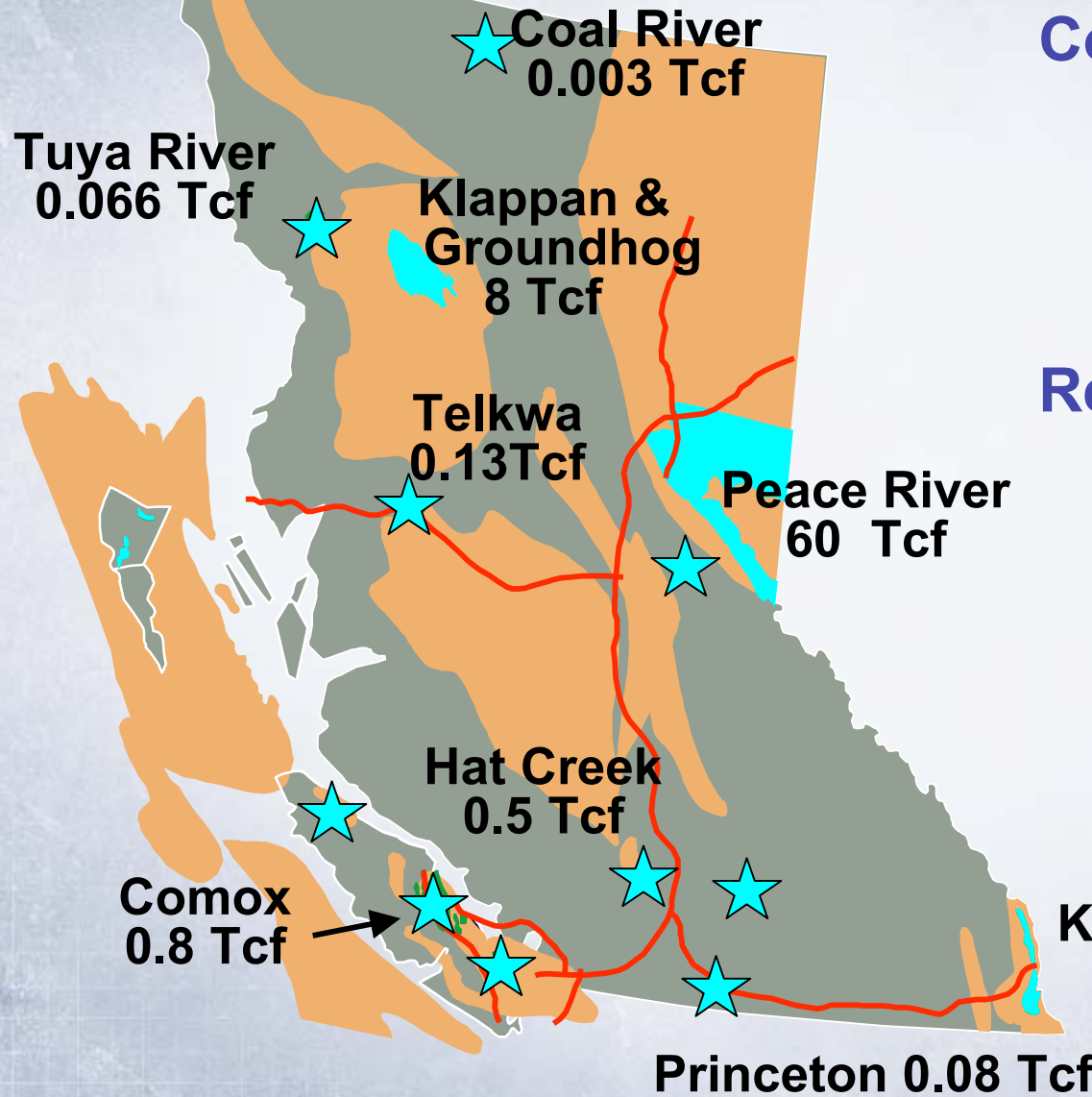
Oil and Gas Development Strategy

Roads, Royalties, Regulations, Service Sector

Resource Potential – Conventional O&G



Resource Potential – CBG



Coalfields

Klappan-Groundhog
Telkwa
Tuya River
Coal River

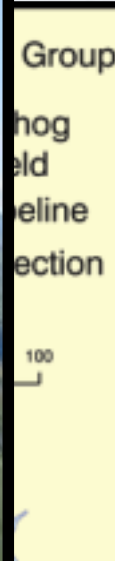
Resource Potential

> 8 Tcf

Anthracite coals

Need more geoscience
information

Bowser & Sustut Basins



Challenges:

- Remoteness
- Lack of extensive infrastructure
- Rugged terrain
- Lack of information

Potential:

- 6.5 Tcf
- 2.5 BBO

65,000 km² area

Over 6,000 m of Jura-Cretaceous clastics

Over 2,000 m of younger sediments in Sustut Basin

Two wells drilled in 1969 & 1972

No seismic or detailed gravity data

Large structures

Favourable thermal regime

Minor oil shows in surface and subsurface samples

Nechako Basin



Over 75,000 km² area
Jurassic to Tertiary
clastics

12 exploration wells
drilled (1931 to 1986)

1100 km seismic &
over 5000 km gravity
data available

Minor hydrocarbon
shows

Near major gas lines

Potential:

- 9.5 Tcf
- 5.1 BBO

Challenges:

- Remoteness
- Lack of extensive infrastructure

GAS PIPELINE

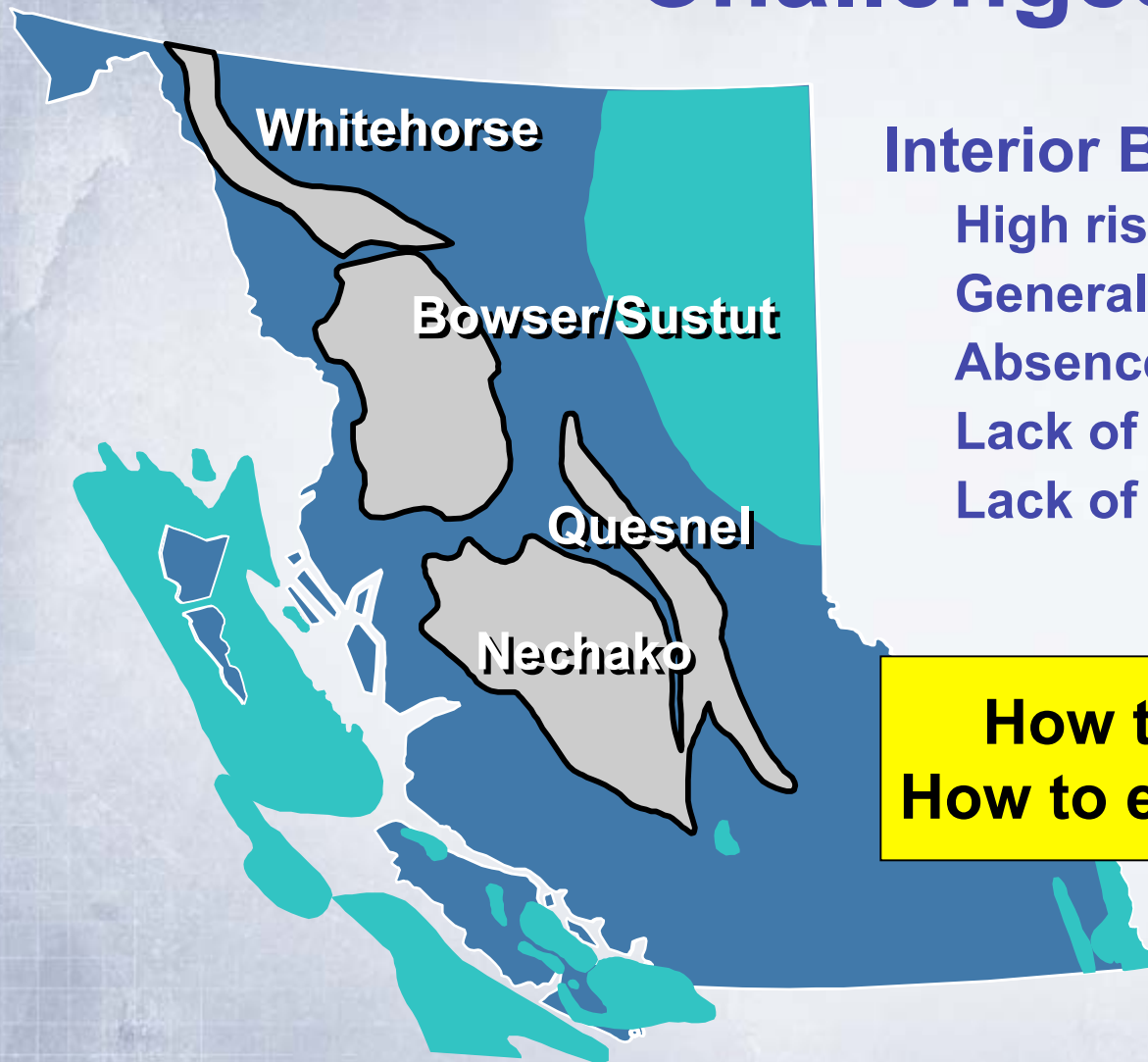


OIL PIPELINE



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Interior Basins – Risks & Challenges



Interior Basins are unexplored
High risk level
General lack of awareness
Absence of information
Lack of Infrastructure
Lack of Treaty with First Nations

**How to attract industry?
How to ensure sustainability?**

Interior Basins Development Strategy

Goal

Interior Basins Development prior to Mackenzie Valley / Alaska Pipelines

Strategy

Facilitate and promote development

Lower the risks associated with development

<i>Petroleum Geoscience</i>	<i>Industry Promotion</i>	<i>Community Relations</i>
<i>First Nations Relations</i>	<i>P&NG Tenure</i>	<i>Royalty</i>



IBDS : Petroleum Geoscience & Industry Promotion

Geoscience

Geological survey program (GSC/MEM)

Resource assessment studies (GSC/MEM)

P3 Interior Basins Geophysical Survey Program

Nechako geophysical data re-processing

Industry Promotion

Workshops

New publications & maps

Reduced Geoscience Risks
Elevated Industry Awareness



IBDS : Community / First Nations Relations

Community Relations

Information sessions

Service sector strategy

First Nations Relations

Information sessions

Consultation

Joint Venture / Partnerships

Sustainable Development
Reduced long-term risks

IBDS : Tenure & Royalty

“Interior Basins” Tenure

Reflect high risk level of development

Changes in parcel size?

Work-bid bonus?

Others?

Net Profit Royalty

Solicit proposals

Develop terms of agreement

Flexible Tenure

Competitive & Attractive Fiscal Regime

Summary

Interior Basins: emerging opportunities

Strong government support

Interior Basins Development Strategies:

**Facilitate and promote development
reduce development risks**

Mitigate risks & challenges for the industry

Community & First Nations engagement

Interior Basins Team

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