

# CIVC, Shoal Point Energy proceeding with plans for oil exploration project

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Canadian Imperial Venture Corp. (CIVC) and Shoal Point Energy are hoping the inclement weather will ease up and they can move forward with a planned oil drilling project of the 2K39 well.

CIVC vice-president Kirby Mercer, speaking on behalf of both companies during an interview this week, said 17 of the expected 67 trucks have yet to arrive from Alberta at the Shoal Point site.

"They've been delayed due to bad weather on both sides of the Gulf, in Port aux Basques and in North Sydney," Mercer said. "If the weather clears, we expect the rest of the components of the rig to arrive here this week."

He said in 10 days following the arrival of all the bits and pieces of the rig, it should be set up and start to spud (break ground with drilling) the well on exploration licence 1070.

"This is a 70-to 90-day program in a productive zone known as the Aguathuna," said Mercer. "The hole will be 3,400 to 3,800 metres in vertical depth and drilled onshore to offshore going out into the Port au Port Bay 2,200 metres horizontally towards the target."

He said CIVC and partner Shoal Point Energy, the operator of the project, are making sure there are local benefits when possible and Nabors Drilling has already been hiring locally.

"There is a tremendous resource of people who have worked on previous projects and are here now and ready to go to work on this one. There will be spinoffs as well for hotels, restaurants, fuel supply, transportation, security and trades people," Mercer said.

He said the rig is being moved by Hunt's Transport Ltd., a St. John's firm, and wherever possible Newfoundland services will be used. However, some specialized services will have to come from abroad.

Mercer said the cost of the project is about \$15 million and it is being done by a large triple rig, one of the largest onshore rigs in the Nabors fleet. He said the company will be giving ongoing updates once the work begins, but there is some information that will remain confidential for a

period of time to give them a competitive business advantage.

"It's important that people know it is not only a regional, but a provincial development," he said, "because if we have success, the whole province will share in it and not just the Port au Port Peninsula and western Newfoundland."

Mercer believes this is an important well in the cycle of the oil exploration business in western Newfoundland and said there will be a lot of eyes watching with cautious optimism.

He said it's a decade since PanCanadian Petroleum and its partner Hunt Oil drilled the K39 well on Shoal Point and they know from recent geophysics work carried out by Memorial University of Newfoundland that PanCanadian missed their target and the target remains untested.

"We feel the target we are after is the jewel in the crown of oil and gas potential in western Newfoundland. We sold our Garden Hill rights, not because we think less of it, but because we feel Shoal Point is the prize target and we want to put all our efforts into it," Mercer said.

CIVC recently sold the rights to Garden Hill South to PDI Production.

"The geology of the Shoal Point structure is bigger than the Garden Hill South structure and the geophysics is showing the oil has to flow less of a distance and is a more defined structure. It's structurally high and closer to what's known as the kitchen, where the oil is formed," he said.

Mercer said independent sources indicate there is the potential to discover from 100 to 500 million barrels recoverable from that structure, however, he cautions this play in western Newfoundland is still in an exploration stage. While there have been some finds, there has not yet been a commercial find.

"As a junior company, CIVC has been leading the way in oil and gas exploration in western Newfoundland after drilling multiple wells including some expensive and deep holes, including Garden Hill and Indian Head," he said. "We had the first production lease at Garden Hill and now we're hoping to break new ground with this project."