

Port au Port players get five more years

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The provincial government has extended a petroleum lease to players hunting for oil and gas on the Port au Port Peninsula.

The 33,000-acre lease, which includes the Garden Hill South discovery and the Garden Hill North prospect, gives stakeholders and their partners five more years to explore and develop oil and gas programs in the area.

"It was obviously something we wanted and we've sort of been living under the gun for a while because we knew that the previous agreement we had ran out Aug. 13," says Steven Milan, chairman and CEO of Canadian Imperial Venture Corp., the main proponents in the Port au Port project.

"I think government realized, quite wisely, that you really need more time than just 12 months to make things happen — equipment has to come from a long way off, and so on. It's very difficult raising money if assets may disappear after 12 months."

The five-year extension comes with three main conditions.

First, a drilling program must start no later than August 2008 and be in continuous production, except for a period totalling two years between August 2008 and August 2012.

Second, the parties must spend at least \$10 million on a work program that includes a well in the lease area.

Third, a refundable security deposit of \$500,000 must be paid against the \$10-million work program.

Natural Resources Minister Kathy Dunderdale said the provincial government is well aware that oil and gas exploration programs don't unfold overnight.

"We believe the entire onshore and offshore west coast areas have potential for petroleum and it is only through further exploration activities ... that this potential will be realized," she said.

"At the same time, the lease extension is contingent on the company meeting certain commitments related to activities and expenditures. If these are not met, the lease can be revoked."