

## NORDIC Targeting Oil/Gas and Coal Bed Methane

by Elsworth Dickson

**A**lready a producer that averaged 770 million cubic feet per day (MCF/D) of Natural Gas in 2004 from its Joffre, Alberta operations, Nordic Oil and Gas Ltd. [NOG-TSXV] is also exploring for economic coal bed methane with Trident Exploration Corp. of Calgary. In January 2005, the company reported the Nordic well located at 6-20-38-24W4 in the Joffre area brought production to over 1 MCF/D. Nordic is also testing its latest well, 3-18-38-25 W4 in the area. Nordic's Joffre operations are located about 30 km east of Red Deer.

On the coal bed methane front, Nordic and Trident pooled their respective interests in section 20-38-24 W4 for all formations from the surface to the base of the Edmonton Group. Under their agreement, the two companies are expected to drill a coal bed methane well by April 15. It is anticipated that Nordic and Trident will eventually drill four coal bed methane wells on the property.

The companies reached the exploration agreement following the successful initial test for coal bed methane in November 2004, which included coring and canister testing to prove gas content and the amount that is recoverable. In this standard test, cores of coal bed rocks are contained in a leak-proof canister and the amount of methane gas emitted is measured. Coal bed methane is essentially natural gas contained in coal, whereby the methane is trapped or bonded to coal in coal seams.

Nordic has an interest in 11 sections of land on its Joffre property, which contain coal seams in the Horseshoe Canyon Formation at a depth of approximately 500 metres.

It is thought that the coal bed methane from these seams is capable of producing 200,000 to 300,000 cubic feet/day. Trident is an experienced coal bed methane explorer and one of Canada's leading producers, having drilled over 500 coal bed methane wells in the past two years.

The Petroleum Services Association of Canada predicts that more than 3,000 coal bed methane wells will be drilled in Canada this year, compared to just 1,000 wells in 2004. Production of coal bed methane in Canada could quadruple by 2006, reaching about 400 MMCF/D, up from 100 MMCF/D at present. Geologists have estimated that Canada could host as much as 56 trillion cubic feet of coal bed methane gas that can be economically extracted.

Nordic also holds an 80% interest in 137,600 acres of exploration permits located in the Preeceville area of east-central Saskatchewan. The company recently completed approximately 37 km of seismic surveys in the region with results expected in the near future.

In February of this year, Nordic reported the signing of an agreement with Indian Oil and Gas Canada (IOGC) and the Cote First Nation of Kamsack, Saskatchewan for the rights to develop oil and gas reserves on over 14,000 acres of Cote First Nation land. IOGC is a special operating

agency reporting directly to the Assistant Deputy Minister, Land and Trust Services and has a mandate of fulfilling the Crown's obligations related to the management of oil and gas resources on First Nation's land, as well as to further First Nation initiatives to manage and control their oil and gas reserves.

Under the terms of agreement, Nordic will be granted access to 6,525 hectares directly north of Kamsack and will receive an oil and gas permit to undertake exploration activities. The permit is jointly owned by Nordic and Western Warner Oils Ltd.

A seismic survey is planned for this spring before thaw, then Nordic will drill a test well this summer. If oil and/or gas is discovered, Nordic will be entitled to convert the permit into a petroleum and natural gas lease with a royalty in favour of the Cote First Nation.

The Kamsack area has a history of successful exploration dating back to the 1930s and 1940s. During this time, Kamsack boasted its own refinery that was damaged by fire in the late 1930s, then totally destroyed in 1944 when the town was hit by a cyclone. The refinery was never re-built and the region was forgotten - until now.

Donald Benson, president of Nordic, says, "We are proud and honoured to enter this important agreement with the Cote First Nation, as we continue to look toward developing new and creative approaches to designing business agreements with First Nations leaders in Western Canada. It is our hope that we will be able to drill both the Preeceville well and the well on the Cote First Nations at the same time." ■



The Joffre operations of Nordic Oil and Gas Ltd., located about 30 km northeast of Red Deer, Alberta.