

Case History of Canada's First Natural Gas From Coal Development

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ABSTRACT

The first well drilled, of a 25 exploration well program to determine the potential for natural gas production from the coals of the Horseshoe Canyon and Upper Belly River, spud in November of 2000. It was part of a joint project between MGV Energy Incorporated and PanCanadian Petroleum Limited (now EnCana Corporation) in the Palliser area of south central Alberta.

By the end of 2002, well testing had proven sufficiently economic to justify a development decision. Commercial field development was publicly announced in January of 2003. It was the first significant natural gas from coal development project in Canada. Several areas tested in the Palliser block progressed to the development phase in 2003, including the Beiseker and Gayford developments.

The Beiseker and Gayford developments are currently owned and operated by MGV Energy Inc. Together they include over 140 wells producing at 14.5 MMcf/d (as of January 2004). This paper will outline the history of the two MGV development areas, and highlight the unique characteristics of the coals. We will review the project methodology, well results, and the data collected in the field.