Pioneering Development Efforts of the Ordovician-aged Utica/Macasty Shale Plays: Quebec Sedimentary Basins, Eastern Canada*

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Abstract

Since 2005, 30 new wells were drilled in southern Quebec. The Ordovician calcareous shales of the Utica Group, rich in organic matter, are the main target of recent exploration efforts. The calcareous and organic-rich Utica Shale belongs to the Early Paleozoic Saint Lawrence Lowlands geological province. At its maximal vertical extent, the shale is 300 meters of graptolitic, brownish, organic rich and laminated calcareous mudstone. Similar to the Eagle Ford Shale, the calcitic mineralogy of the Utica makes the shale competent, hard and brittle. The highest TOC reaches 6% and indicates a Type II organic matter origin. Current knowledge has led operators to subdivide the shale gas potential into different play types. In general, the gas encountered is a low (wet) to high maturity (dry) gas. To date, most operations were performed in the deep thermogenic shale gas play (1000-2000 meters). With OGIP estimates ranging from 120 to 160 BCF per section, the play is considered promising.

Located in the Gulf of St. Lawrence in Quebec, Anticosti Island extends over an area of 7,943 sq km (3,103 sq mi). The current exploration phase recognizes the potential of the Middle Ordovician Macasty Shale as a liquid-rich resource play (potential for light oil/condensate production). The Macasty has good to excellent organic richness (Type II). At its deepest point of the island the shale attained its full thermal maturity for Oil Generation (Late Oil Window based on Rock-Eval/Tmax data). The Macasty porosity compares favorably with other North American shale resource plays which may be a positive indicator for potential resources initially-in-place. Technical evaluation indicates that the level of thermal maturity observed thus far for the shale in the Deep Macasty Fairway compares favorably with published findings for the oil-rich Utica/Point Pleasant Shale in Ohio and the Eagle Ford Shale in Texas.

The exploration of Ordovician shales in Quebec is a combination of science, intuition, perseverance and adaptability. But the premises of the story remain similar to those found in other sedimentary basins: the presence of brittle shale which acted as a major source rock. The people
living in Quebec are energy intensive and more than half of this energy comes from oil and natural gas. The development of oil and gas potential of Québec will generate significant economic benefits for citizens and will have positive impacts on the competitiveness of its sources of supply.

References Cited


Pioneering Development Efforts of the Ordovician-aged Utica/Macasty Shale Plays: Quebec Sedimentary Basins, Eastern Canada

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AAPG International Convention & Exhibition
Theme 2: Unconventional Resources: North American Plays
Cartagena, Colombia, September 9th, 2013
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Junex – A Leader in Exploration in Quebec

- Created in 1999 & listed on the TSX Venture Exchange in June 2001 and headquartered in Quebec City
- Holds exploration rights on >5 million acres in Quebec
- Key Player in the St. Lawrence Lowlands Basin (land assembled 2002-05)
- Largest Net Acreage Landholder in Utica Shale Gas play at ~800,000 net acres in all three Utica Play Fairways
  - Total Undiscovered Prospective OGIP Resources > 45 TCF and
  - Net Recoverable Unrisked Resources > 3.5 TCF (NSAI P50)
  - Controls virtually all of the Utica liquids-rich belt
- JNX has significant position of 233,275 net acres in the Deep Macasty Shale Fairway on Anticosti Island – Potential of 12.2 Billion Barrels Undiscovered Shale Oil Initially-in-Place ("OIIP") (NSAI P50)
Gaspesie (Galt)
Total OIIP Resources of 330 MMBO
Net Rec. Resources of 30.7 MMBO
(NSAI P50)
(overthrust)

Chaleurs Bay
(overthrust, etc)

Appalachians Sub-basin
Shale Gas Play
~ 1.8 million net acres

Lowlands Utica Shale Gas Play
Total Undiscovered Prospective OGIP Resources > 330 TCF
Junex’s Net Recoverable Unrisked Resources (for ~ 800,000 net acres) > 3.5 TCF
(NSAI P50) 65% eval.

Anticosti Macasty Shale Oil
Total OOIP = 40 Billion Bbls
Junex’s Total Undiscovered OIIP (for 233,275 net acres) = 12.2 Billion Bbls
(NSAI P50)

Oil or Liquids-Rich Plays
Natural Gas Plays
JUNEX LAND
LAND UNDER EXPLORATION AGREEMENT

AAPG International Convention and Exhibition – Cartagena, Colombia – September 9th, 2013
Quebec is one of Canada’s largest energy markets: 300 Mboe/year

Daily oil consumption: 410,000 bbl (transport)

Annual gas consumption of 180 Bcf

80% of gas consumers are industrial and commercial

Gas network covers several areas in the Utica Shale Fairway

Infrastructures:
- 2 oil refineries;
- 3 gas storage facilities;
- pipeline network.
Ordovician Shale Thermal Maturity Zonation

OGIP* : +100 Bcf/mi²

OOIP** : 33.5 MMBO/mi²

TOCoriginal = 6%

* From various external reports published in 2009, 2010 and 2012
Utica Shale Geology

Prospective Shale Intervals – Ordovician-aged Utica Formation & Lorraine Formation Shales

Industry is principally focused on Utica Shale at this time

Utica - mainly black, organic-rich, limey shale with significant gas content in many areas

Widespread in St. Lawrence Lowlands

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Defining the exploration fairways

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Utica Shale Original Gas-in-Place Estimates

Compiled from public reports and presentations

Evolution of the OGIP Calculation for St. Lawrence Lowlands Shales

Compiled from public reports and presentations

OGIP (Bcf/section)

Zone of Interest Best Estimate OGIP

112 Bcf/sect.


(modified from Marcil et al, 2010)

Estimates based on Shale Gas Wells Evaluation

41st Annual Eastern Section AAPG Meeting - Cleveland, Ohio - September 25th, 2012
A world-class Gas Resources

North American Shale Plays - Potential Recoverable Gas*

Locally in the Oil to Condensate Fairway
QC Utica Wet Gas to Oil Window Shale Play
16.6 MMBOE OOIP/section

*From the EIA report but excluding the Mexican Eagle Ford and Marcellus Shales: Totaling over 800 Tcf

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pipeline network.

Area with the strongest energy consumption are in green colors.
First long-term testing

Stimulated Horizontal Well - Deep Shale

Talisman St-Edouard and Leclerville wells
12 MMcf/d Initial Production
Overthrust Shales

Possible gas rate after one year to be 1 MMcf/d?

Lower Décollement Zone

Microseismic events confined to +/- 50 m of wellbore

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Quebec’s Middle Ordovician Carbonate basins

Tmax ~ 440° API Oil = 35 *C3/C1 ~ 0.8

and depth map of the undeformed platform

Tmax ~ 455° Ro eq ~ 0.9 % C3/C1 ~ 0.1

Oil Window
Tmax ~ 450°
C3/C1 ~ 0.17 (core data)
Oil = 35.5 API

Condensate window
Tmax ~ 458°
Ro eq ~ 1.4 %
C3/C1 ~ 0.01 (core data)

*From Pétrolia Press release, 2011/02/09
Data from Junex database and Thériault (2008)
Anticosti Basin

Area of exploration

Onshore: 25,000 km² (10,000 mi²) including 8,000 km² Anticosti Island

Offshore: 125,000 km² (49,000 mi²)

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From the 60s to 2010, a total of 21 wells were drilled, some old ones on geologically poorly-defined targets or more recently, on HTD sag targets identified with seismic data.

<table>
<thead>
<tr>
<th>Evaluation</th>
<th>Authors</th>
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<tbody>
<tr>
<td>Romaine</td>
<td>SOQUIP (1980)</td>
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<td>Romaine-Mingan</td>
<td>Shell (1999)</td>
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<tr>
<td>Romaine-Mingan</td>
<td>CGC (2010)</td>
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<td>MacAsty</td>
<td>Petrolia (2011)</td>
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<tr>
<th>Play</th>
<th>Potential</th>
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<tbody>
<tr>
<td>Macasty Sh. OIIP</td>
<td>46,100 MMboe</td>
</tr>
<tr>
<td>HTD Mingan/Romaine</td>
<td>+500 MMboe</td>
</tr>
<tr>
<td>Vauréal/Ellis Bay</td>
<td>?</td>
</tr>
</tbody>
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220 km (140 mi)
2012 – Deep Fairway Geophysical Survey

- 225 line-km of 2D seismic survey completed;
- Numerous prospects identified (top 6 to be permitted);
- Position of the Jupiter Fault Zone in the subsurface is better defined.
Comparison of Macasty to Utica & Eagle Ford

KEROGEN CONVERSION AND MATURITY (Tmax) - SHALE

- Immature
- Oil window
- Condensate - Wet Gas Zone
- Dry Gas Window

- Eagle Ford Shale
  - Stained or contaminated
  - Intensive Generation, Expulsion
  - 3500m: Wet Gas Window (Hockville)
    - 10 - 120 bbls/d
    - 30 - 40 MMcf/d

- Anticosti Island
- JUNEX Macasty Shale
- Deep Fairway

- Ohio State Utica Shale Liquid Production
- Ohio Utica Shale Oil
  - 2000-2500m: Wet Gas Window
    - 900 - 1400 bbls/d
    - 3.0 - 9.5 MMcf/d

- Outside of Deep Fairway
  - (shallow side of Jupiter Fault)

- Shallow Macasty

High Level Conversion

Low Level Conversion

Tmax (°C)

Production index (Pl)

S1/(S1+S2)
Fairway comparison: Ohio vs Anticosti

- Both maps are at same scale
- Both are Top Utica Structure Maps
- Both have same contour interval (& color shading)
- Black polygons at same scale on both maps
- Deep Fairway: Higher reservoir pressure = greater reservoir energy
- Deep Fairway compares favorably with Ohio Utica light oil belt (sufficient maturity in oil window as defined by geochemistry)
Conclusion - Quebec’s Utica & Macasty Shales

The exploration of Ordovician shales in Quebec is a combination of science, intuition, perseverance and adaptability. But the premises of the story remain similar to those found in other sedimentary basins: the presence of brittle shale which acted as a major source rock.

- Utica Shale Original Gas-in-Place = 330 Tcf
- Macasty Shale Original Oil-in-Place = 46.1 billion BO

The people living in Quebec are energy intensive and more than half of this energy comes from oil and natural gas. The development of oil and gas potential of Québec will generate significant economic benefits for citizens and will have positive impacts on the competitiveness of its sources of supply.