

Saskaboom? - 2008 Saskatchewan Oil and Gas Development Update

Erik H. Nickel*

Saskatchewan Ministry of Energy and Resources, Regina, Saskatchewan

erik.nickel@gov.sk.ca

and

Melinda Yurkowski, Arden Marsh, Dan Kohlruss, and Chao Yang

Saskatchewan Ministry of Energy and Resources, Regina, Saskatchewan

Abstract

Despite the recent fall in world oil prices, development activity has remained brisk in Saskatchewan. This presentation will highlight the key exploration and development focal points in the province.

The Bakken play in the southeast continues to dominate exploration and development in Saskatchewan. Approximately 280 more wells were drilled in the Bakken in 2008, taking the total up to more than 670 completed Bakken producers. Since 2004, more than 600 wells were drilled and production from the Bakken in southeast Saskatchewan has increased from approximately 100m³/day in 2004 to over 6000m³/day in late 2008. The middle siltstone/sandstone member of the Bakken, which is sandwiched between two layers of organic-rich shale Bakken is commonly drilled horizontally and completed with large sand-frac treatments.

Mississippian development has been predominantly focused on existing fields, and infill drilling within them. Some new work has been done pushing the Souris Valley subcrop edge further to the northeast resulting in some new production.

The Shaunavon Formation in southwest Saskatchewan also remains active after the initial interest began in 2007. In 2008 there were 31 horizontal wells drilled into the formation in the Rapdan, Leon Lake, Leitchville, and Clintonville Fields. Of all the wells drilled, 27 are currently on production. Land sales in southwestern Saskatchewan that is typically a focus for Shaunavon Formation exploration/production totalled \$133,178,757.45, giving an average dollar per hectare value of \$1,339.38.

As always, Mannville heavy oil in the Lloydminster region remains an enticing target. During 2008 there were over 400 wells drilled in these areas. Land sales for Mannville heavy oils in the Lloydminster area totalled \$20,751,701.46, giving an average dollar per hectare value of \$301.37. Oilsands in the Mannville

(Dina) have also experienced continued activity. While land sales in the oilsands region have been slow, there have been 128 new cored strat test holes drilled on existing crown leases.

Gas exploration and drilling continues at a steadfast pace, up 5% over last year and only slightly below the previous 3 years drilling rates. The vast majority of gas wells were drilled into the shallow gas pools of the Hatton - Liebenthal and Abbey – Lacadena areas of southwest Saskatchewan. The Cretaceous geology in east half of the province also continues to generate some interest with over a dozen wells drilled in the Pasquia Hills – Yorkton area in the past year, many of them are standing cased.