



IN FULL BLOOM

THE ROSE IN QUESTION MAY
BE WHITE, BUT THE VALUE IS IN GOLD.

BLACK GOLD, THAT IS.

By Rob Antle

In late November, Husky Energy president John Lau announced new discoveries at the White Rose oil field roughly 350 kilometers off Newfoundland. “These results are very exciting and suggest that significant additional potential exists within the White Rose area,” Lau said in a statement at the time.

Husky actually made two separate discoveries that potentially add up to 230-million barrels of Petroleum-Initially-In-

Place (PIIP) in the White Rose area. The first related to drilling carried out in late 2008; the second was the result of reassessing decades-old drilling data with the aid of new seismic technology.

When the company began its 2008 drilling program, its primary objective was to test and delineate the main White Rose producing formation, Ben Nevis Avalon. In doing so, the company came across a new pool in the Hibernia formation, which sits slightly below Ben Nevis.

The Hibernia formation, which is related to the nearby mega-project of the same name, is a separate hydrocarbon field. “We found the reservoir to be of extremely high-quality, and the crude was light oil,” said Paul McCloskey, Husky’s vice-president of East Coast operations. “So this was clearly enormously encouraging to us.”

Husky found a best estimate of 60-million barrels PIIP in the Hibernia formation. The company believes it can access the oil from infrastructure set up to service the North Amethyst satellite field. North Amethyst is scheduled to come online in March or April.

That discovery led Husky to think there was additional potential elsewhere in the Hibernia reservoir. Scientists went back through old drilling records. White Rose was discovered in 1984; the well they re-checked was drilled in 1987.

The result? Best estimates of another 170-million barrels of light crude oil. Husky now believes that Hibernia formation potential could exist more broadly under the main field.

McCloskey cautioned that the total number of 230-million barrels relates to petroleum-initially-in-place, or PIIP. “Ultimate recovery will be lower than that, depending on the development scheme and the recovery factor that we achieve. We’re not at the point of being able to engineer that yet, and come up with what we would term a reserve estimate.”

So it’s good news, but theoretical good news, then?

“I think I’d like to call it more than theoretical,” McCloskey noted. “We’re certainly going to be organizing our work programs around better understanding this potential and looking at ways we can exploit it.”

He said it is “way too early” to start throwing around numbers about possible additional field life for White Rose, which began production in late 2005. The original field (with reserves of between 200 and 250-million barrels, of which 137-million have been pumped to date) had an estimated life of 12 to 15 years. Three White Rose satellites total another 214-million, and could tack on three to five years of production.

But in general, it’s logical to assume that more accessible oil means more production. And that is good news. “I think we’re encouraged by the fact that, even though White Rose has been on

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Crunching the Numbers

In December, the Canada-Newfoundland and Labrador Offshore Petroleum Board (CNLOPB) completed its reassessment of reserve and resource estimates at the Terra Nova field.

Staff at the federal provincial-regulator crunched data acquired from drilling and production activities at the field. Their analysis resulted in Terra Nova's numbers spiking upward. The board's estimate of proven and probable oil reserves, for example, jumped to 419-million barrels from 354-million.

Such reassessments are part of the CNLOPB's mandate, according to spokesman Sean Kelly (left), and are carried out on an ongoing basis. "Several factors influence the Board's decision to reassess reserve and resource estimates," Kelly noted. "For example, if the Board receives a development plan or a development plan amendment application, we may reassess these numbers to ensure the board has recent information upon which to base its decisions."

"Our mandate includes ensuring development plans provide for the economic recovery of petroleum resources. We may also reassess the numbers on the basis of new data received from

seismic, drilling and/or production activity that could impact the original assessments. We learn more about the reservoir through these activities."

The regulator's assessments are done in-house, independent of industry. They may differ from the numbers put out by operators, Kelly said, depending on the interpretation of the data.

The board is in charge of making sure that the oil companies' depletion schemes are as effective as possible, and petroleum recovery is maximized. "It is important for us, as a regulator, to develop our own assessment of reserves/resources rather than rely on the operators' interpretation of the data," Kelly noted.

He said the board is currently working on the West White Rose development plan amendment. In November 2009, Husky Energy announced new discoveries in the so-called Hibernia formation at the White Rose field.

Kelly said Husky, as of late January, had yet to file documents with the board to indicate their assessment of those discoveries. The CNLOPB could ultimately decide to do a reassessment of reserves and resources there, just as it could at all fields.

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Terra Nova Oilfield

production for four years, and even though we've drilled a number of wells there, we're still getting some very pleasant surprises," McCloskey said.

Husky is now assessing what it found, pondering its development options and how to incorporate them into the overall White Rose plan. Husky, as operator, owns a 72.5 per cent interest in the main White Rose field; Suncor Energy holds the remaining 27.5 per cent. Husky has 68.875 per cent of the White Rose satellite fields, including North Amethyst, with Suncor at 26.125 per cent and Newfoundland and Labrador's Crown-owned Nalcor Energy at five per cent.

The Newfoundland and Labrador government said the Husky announcement of 60-million new barrels at North Amethyst would effectively recoup the purchase price it paid to buy into the three White Rose satellites and another field at Hibernia South. Those equity acquisitions, as initially announced, totaled roughly \$74-million.

"This is outstanding news for the people of this province and it certainly proves our critics wrong," Newfoundland and Labrador deputy premier Kathy Dunderdale told the legislature in early December. 



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