

Gas plant proposed for northern B.C.

By Tom Fletcher - BC Local News

Published: January 04, 2009 12:00 PM

EnCana Corp. has applied to the provincial government to construct a new natural gas plant to serve its emerging shale gas development in northeastern B.C.

The Cabin gas plant is proposed for a site 60 km northeast of Fort Nelson, with the first of six phases to begin operation by the end of 2011. The plan incorporates a carbon dioxide capture and storage system, which depends on finding a suitable underground rock formations.

If it is financially viable, the project would strip carbon dioxide and traces of toxic hydrogen sulphide from the gas and reinject it into underground salt-water aquifers or oil-bearing formations to help extract more oil.

Development of the Horn River Basin near Fort Nelson and other gas deposits in northeastern B.C. has been the main bright spot in the B.C. resource economy, struggling with an unprecedented downturn in forestry and falling prices for coal and metals.

The province collected a record \$2.66 billion in oil and gas drilling rights during 2008, more than double the bids received in 2007. Drilling licences provide exclusive rights with primary terms of three to five years.

Energy Minister Richard Neufeld credits B.C.'s royalty credit program for making the province more attractive to exploration and development. In 2007 the government awarded \$90 million in infrastructure royalty credits.

EnCana and seven other energy companies are developing the Horn River deposit, trapped in shale rock that requires horizontal drilling and blasting deep underground to free the gas. The B.C. government estimates that new drilling technologies have added new reserves at a faster rate than existing production removes natural gas for use.

EnCana opened the Steeprock gas plant near Dawson Creek in 2006, part of its ongoing expansion in B.C. Wellheads and pipelines supplying the Steeprock facility were targeted with three bombs last fall, and police are still searching for suspects.