

B.C. beckons ... and EnCana comes calling

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VANCOUVER -- As symbols go, EnCana's proposed natural gas plant in northeastern B.C. is big, in every sense of the word.

For a start, there is the price tag for the Cabin Gas Plant in the Horn River Basin: \$400-million for its first phase, and likely up to \$2-billion if all six phases were to be built. The numbers are impressive, particularly since EnCana is contemplating that magnitude of investment amid widespread retrenchment in the energy industry. But the real significance of the Cabin plant will be as a visible reminder of the shift of energy capital from Alberta to British Columbia.



EnCana, Canada's natural gas heavyweight, epitomizes that shift. A half-decade ago, EnCana spent 70 cents out of every dollar of its capital budget for its foothills division within Alberta, with the remainder slated for B.C. Now, 50 cents out of every capital dollar for that division is being plowed into northeastern B.C., even as the overall capital budget has grown.

Mike Graham, executive vice-president and president of EnCana's foothills division, has high hopes for B.C.'s natural gas deposits in shale rock, which have until very recently been out of reach for the industry for both technological and economic reasons. "It's really emerging as one of the tremendous gas basins in North America," he says. The northeast as a whole could rival the "granddaddy" of shale plays, the Barnett Shale formation in Texas.

The numbers Mr. Graham recites for the size of B.C.'s possible gas riches are eye-popping. The Horn River Basin alone has 200 trillion cubic feet of natural gas "in place." That is one of the more expansive measurements of natural gas resources, but it is still impressive. At B.C.'s current rate of production, reserves of that magnitude would last for two centuries. Further south is the Montney play, near Dawson Creek, where Mr. Graham says 500 trillion cubic feet could be waiting to be tapped. To review: If the energy industry were able to fully tap both those formations, the province could coast on current production levels until 2710 or so.

Now, that won't happen. Ultimate production is invariably smaller than the measure of gas in place. Whatever the percentage that is recovered, an enormous opportunity beckons in northeastern B.C., and one that is now being recognized and acted upon by the energy industry - witness EnCana's low-key moves to build its plant, along with the more publicized bidding war for land rights in the area.

Why the flurry of interest, given that the natural gas has been there for hundreds of millions of years? As with everything in the energy industry, it is the intersection of market demand and technology, swirling around to alter the economics of production and transform geographical oddities into hot commodities.