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Heidi Weibe
Executive Director
Deh Cho Land Use Planning Committee
General Delivery
Fort Providence, NT X0E 0L0

Dear Heidi;

Upon listening to your recent presentation at the Explorer Hotel, and reviewing our report (Evaluation of Oil and Gas Potential in the Deh Cho territory, NWT OF 2003-03), I would like to clarify the following:

- The Canadian Gas Potential Committee (CGPG; 2001) estimated that $69,177 \times 10^6$ m³ of natural gas has been **discovered** in the NWT portion of the Western Canada Sedimentary Basin (which is virtually all within Deh Cho as defined by CGPC). They further estimate $31,075 \times 10^6$ m³ of **undiscovered** nominal marketable gas (a conservative estimate). We included these estimates for information only, to give some indication of the exploration potential in Deh Cho.
- The CGPC resource estimates given for pools or fields in Table 1 (page 20) are probably OK, except that the Cameron Hills field has greatly expanded, as have the Fort Liard pools (P-36A, F-36, K-29, etc.), so these estimates must be treated with caution if used in modeling.
- In the section on Previous Petroleum Potential Assessments, we presented Table 4 which listed the **undiscovered** marketable gas potential for a number of plays (14), as estimated from a **1996** National Energy Board (NEB) assessment report. The sum of these estimates was $62,265 \times 10^6$ m³.
- (or $65,324 \times 10^6$ m³ when I calculated by a slightly different method – rounding errors essentially).
- You and I briefly discussed the apparent discrepancies, and in fact a comparison of the **undiscovered** estimates shows that there is a wide variance in the number. There are several reasons for this, including:
 - definitions of **undiscovered nominal marketable gas** and **undiscovered marketable gas**, though sounding similar, are different. The NEB study actually refers to ultimate undiscovered marketable gas.

- Methodologies differ; the number and extent of plays considered by the Cgpc and NEB studies vary widely.
- Some of the undiscovered potential in the 1996 estimate may be accounted for as discovered in the 2001 estimate
- Lots of activity happened between 1996 and 2001 (new Deh Cho land sales, resumed exploration, discoveries, new plays, etc.)

- As we mention in our report, one should refer to the original studies for methodologies, etc., especially if attempting rigorous economic modeling. Or better still, updated work from a qualified professional that can do quantitative estimates for Deh Cho proper, rather than the admittedly over-simplified fractionation we did for the NEB estimates.

I don't believe the discrepancies in estimates can all be accounted for in the 6 plays that were not estimated by NEB (Table 4 of our report), as you suggested.

Finally, I refer you again to the text of our report (page 74): "We feel that such estimates have some value, **although we make no claim as to their veracity or accuracy**. The reader is referred to the original work..." (emphasis added).

We included these resource figures for illustrative purposes only. Our study was qualitative, as was agreed to in the contract for the work. I realize your mandate includes economic modeling, but I must caution you in the use of these numbers.

On a related note, on the Committee website FAQ section (http://www.dehcholands.org/common_questions.htm#80, Q. Do we know how much oil and gas is in the Deh Cho area?), the answer should read "C.S. Lord **reported** estimated volumes...". We did not do the analysis, perhaps references should be made to the actual source(s). And in fact the short answer to this question is no, as I am sure you realize. In addition, referring to us as "C.S. Lord" might lead to confusion - i.e., the actual geologist Mr. C.S. Lord (deceased).

Thank you very much for an informative presentation, and allowing us to be kept abreast of the Land Use Planning process as it develops.

Regards;



Leonard Gal, P.Geol.

C.S. Lord Northern Geoscience Centre.