

Outline of Presentation

- Quick overview of goals and objectives of Mallik program
- Update on field, laboratory and modeling research
- Snapshot of scientific highlights
- Schedule for International Symposium and Scientific Results Volume

Mallik 2002 Gas Hydrate Production

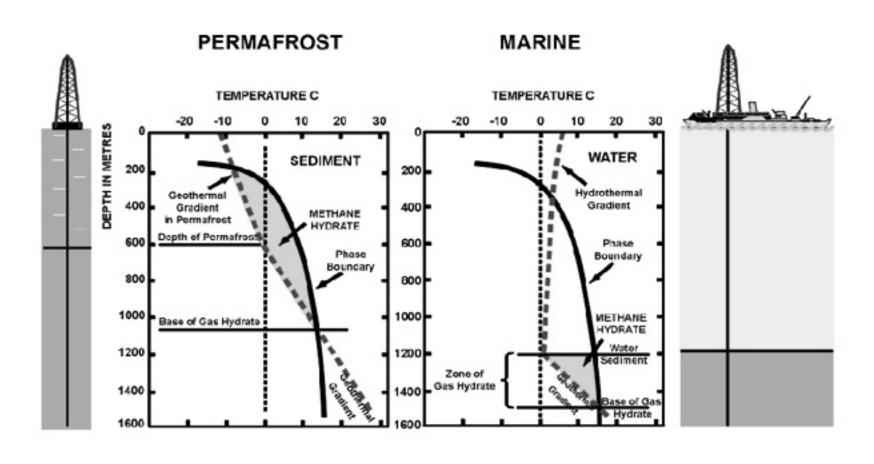
Research Well

- Canada
 - GSC
 - BP/Chevron/Burlington
 - (Japex Canada, Imperial Oil)
- Japan
 - JNOC
- USA
 - USGS
 - USDOE
- Germany
 - GeoForschungsZentrum Potsdam
- India
 - Ministry of Petroleum Geology and Natural Gas
 - Gas Authority India Ltd
- International Continental Scientific Drilling Program
 - Universities and research institutes in Japan, Canada, USA, Germany and China

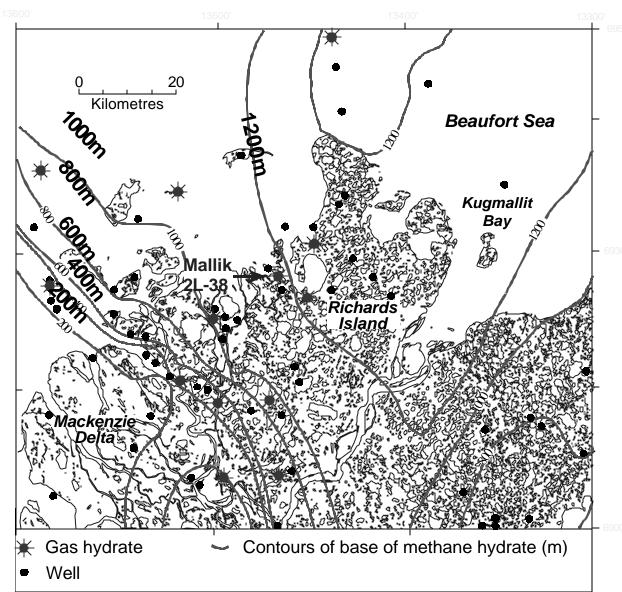


Why Mallik as the site for gas hydrate R&D?

- One of the most concentrated gas hydrate reservoirs known to date
 - >200 m gross hydrate thickness
 - pore space hydrate concentrations >90%
- Extensive baseline engineering, geological and geophysical knowledge
- Geology/reservoir similar to many offshore deposits
- Accessible onshore location (cost efficient operations)
- Global research site for climate change and energy research
- Leadership team able to pull off operations, science and engineering R&D



Gas Hydrates in the Mackenzie Delta



>600m permafrost

>1200m to base of methane hydrate stability field

>20% of onshore wells drilled in 70's / 80's encountered hydrates

Mallik 2002 Objectives:

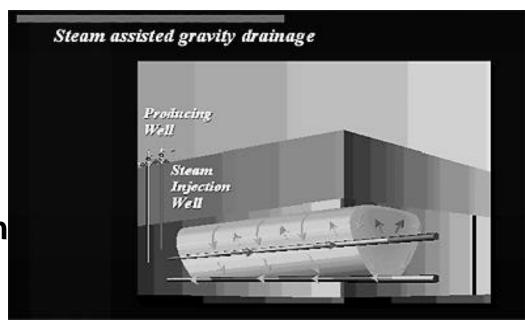
Quantify the production response of a gas hydrate reservoir:

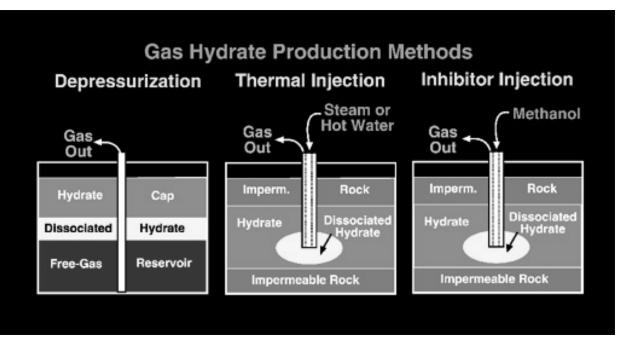
- Pressure stimulation
- Thermal stimulation
- Comprehensive multidisciplinary science program to allow for detailed engineering and reservoir simulation modeling

Controlled production experiments

Gas hydrates as a energy resource

•R&D goals to move from cartoons to concept





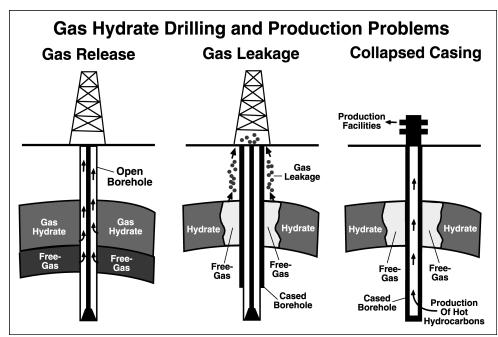
Mallik 2002 Objectives:

Climate change, environmental and geohazard studies

- Regional methane flux studies and geothermal modeling considering past geologic events and climate change
- Assessment of in situ geopressure and geothermal regime
- Geomechanical properties and porous media controls over distribution and abundance of gas hydrates



Is the western Arctic a key source of methane?



Reduce risk and development costs related to frontier hydrocarbon development

Mallik 2002

Credit due to many...

Japex Canada Ltd./Canadian Petroleum Engineering,

APA Engineering,
Akita Drilling,
Advanced Geotechnology
Northern contractors

A to do list from hell!

- Find 8 partners and \$17M
- Complete 6 environmental permits
- Stage 760 tons of equipment by barge to Mackenzie Delta in August 2001
- Construct 200km ice road to the site in November and December
- Build a drill rig, camp etc. and complete the engineering to do things that have not been done before
- Spud the first well on Christmas day
- Manage 100 scientist and 100 technical staff
- Get it all done and get out before breakup

Mallik 2002- Operations

Production research well: Mallik 5L-38

- Dedicated wireline coring program through the gas hydrate zones and beneath the free gas zone
- Open hole/cased hole geophysical logging program
- DTS temperature monitoring

2 observation wells Mallik 3L-38 and 4L-38

cross hole seismic tomography

Depth (m)

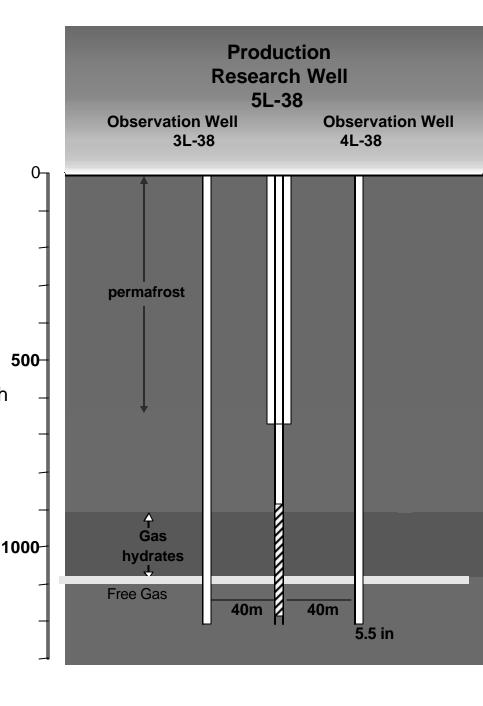
DTS temperature monitoring

Production Testing

- Pressure drawdown, stress testing, in situ gas and water sampling
- Thermal flow testing

Regional Studies

- 3-D Seismic (Industry survey and high resolution survey)
- Long term temperature studies
- Flux measurements



Mallik 3L, 4L, 5L -Spud December 25 -Completion March 14

Geophysics Program

Open Hole Well Logging

-deployment of advanced tools including NMR log, EPT, DSI, FMI, Pex

Cased Hole Logging
-CHFR-RST

X-hole Seismic Survey

VSP O-Offset and Walk-A-Way

3D Seismic Experiment

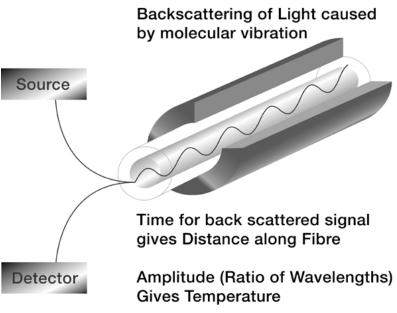
Passive Monitoring

Industry 3 D seismic survey

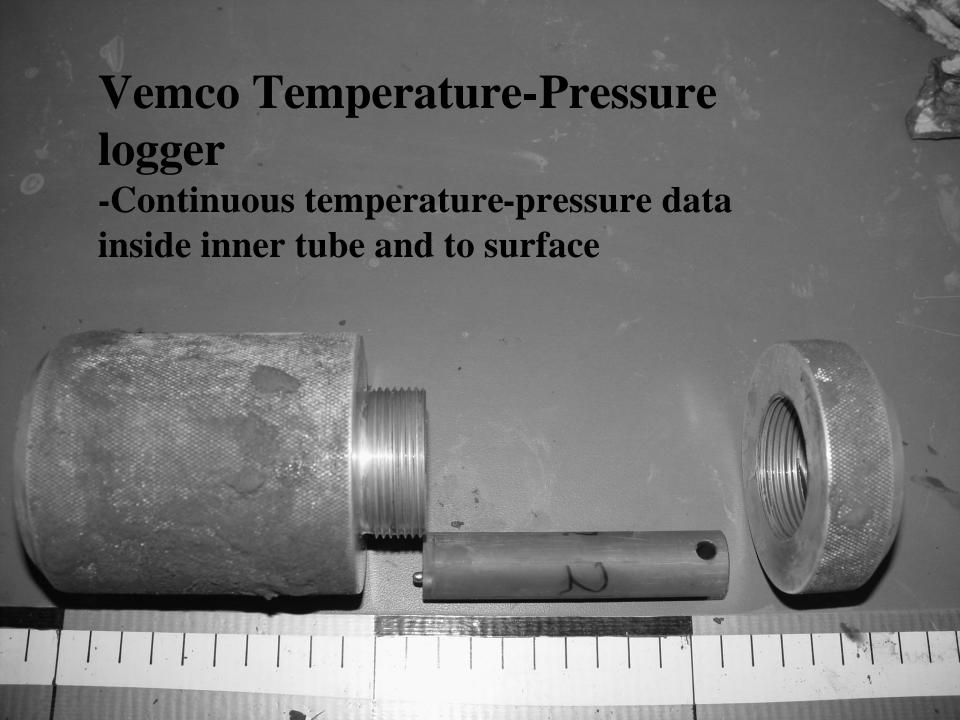


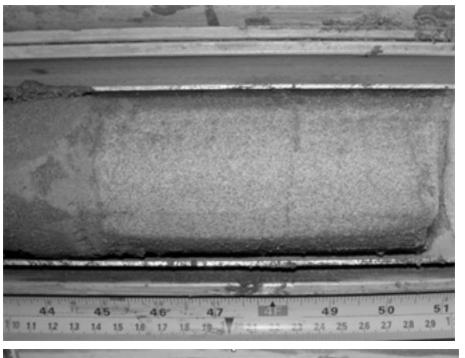
Distributed Temperature Sensors



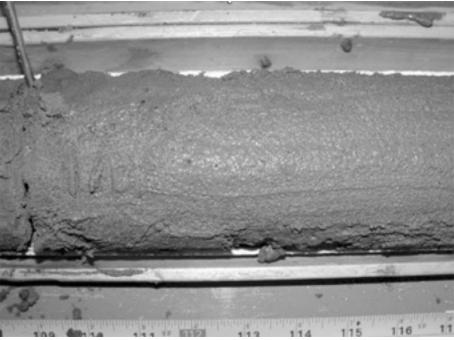


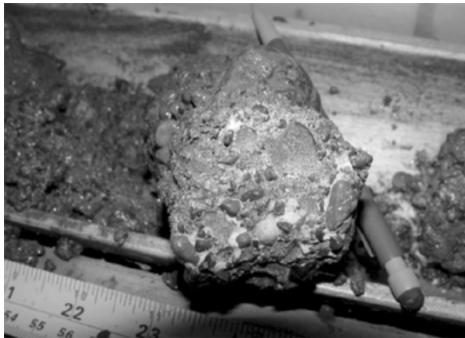










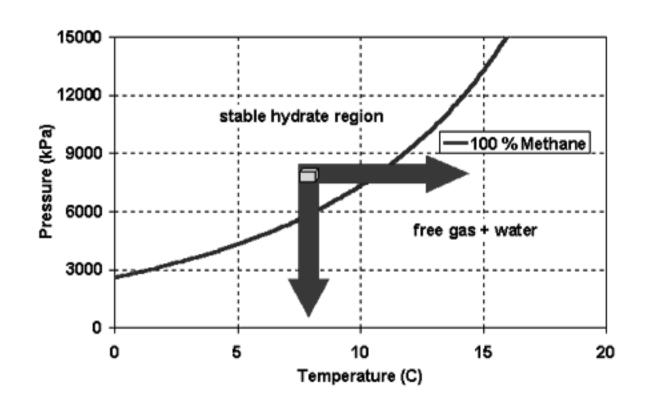






Production Testing

Gas hydrate dissociation induced by pressure and thermal change

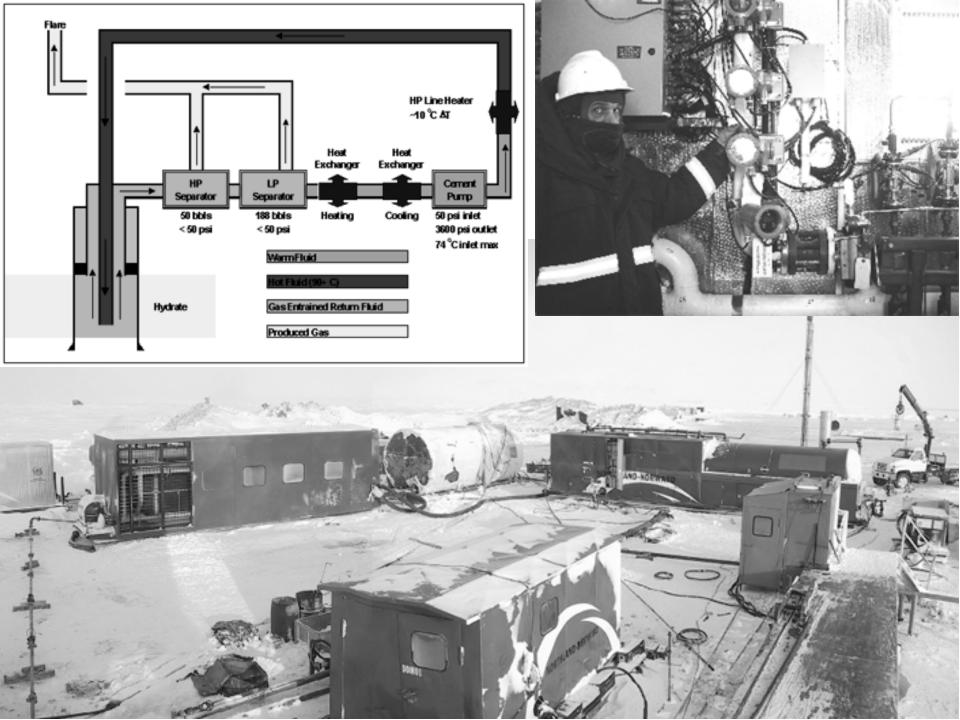


Production Testing

Thermal Stimulation Production Testing

- Reservoir response to temperature stimulation
- 13 m test zone with high hydrate saturation



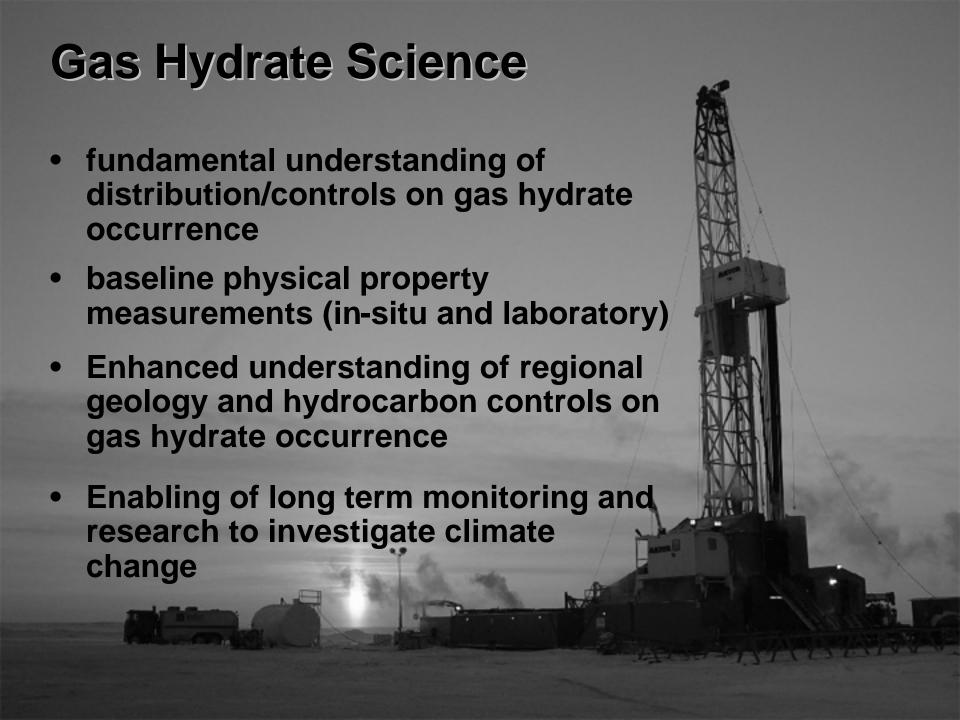






Gas Hydrate Production

- High quality production data set
 (succeeded in goal to have 'controlled formation experiments')
- X-hole tomography surveys- time series data to map migration of dissociation interface
- Surface Seismic Surveys-time series
- DTS- measurement of formation temperature response to production and return to equilibrium after production
- Complimentary post field laboratory studies





From Mallik to the Future International Gas Hydrate Symposium

December 8 to 10, 2003

Hotel New Otani Makuhari Chiba (Tokyo area), Japan

