Swan Hills Platform in West Central Alberta – Who Has Captured The Giant?

Summary

- In June we published “Swan Hills Platform of West Central Alberta: The Sleeping Giant”, which contains an estimated 2.5 billion barrels of oil in place in the undrilled areas of the platform – The Sleeping Giant.

- Over the last 18 months this area has seen significant land sale activity with a number of operators securing land positions outside of the historically well-developed units.

- Much of this land activity has included joint ventures and farmin agreements. For example Crescent Point, Coral Hill and Second Wave have all announced agreements.

- We estimate that 7 companies now own more than 50,000 gross acres in the play.

- The two largest land positions are held by Coral Hill and Crescent Point with an estimated 258,240 and 251,040 gross acres respectively.

Source: GeoScout, Corporate Presentations, BMO Capital Markets
Above, the map shows the land positions in the Swan Hills play. Crescent Point, Coral Hill, Arcan, Second Wave and Midway all have significant land positions in the undeveloped areas on the Swan Hills Platform. Note that Coral Hill, Crescent Point and Second Wave are often holding lands jointly.

Pengrowth, Penn West, Devon, ARC and Apache typically own land positions in the more well-developed unitized areas, where significant amounts of oil have already been produced, and the remaining opportunities revolve around low risk, recovery factor increases (horizontal infill wells, secondary, tertiary floods, etc.)
- This map shows all the units in the area and includes the operator, operator working interest and size of the unit in acres.

- As mentioned previously most of the units are operated by Pengrowth, Penn West, Apache, ARC and Devon. The only junior with an operating position in a unit(s) is Arcan at Deer Mountain and Morse River.
Conclusions

- Pengrowth, Penn West, Apache, ARC and Devon have exposure to the large OOIPS on the unitized reef buildups, where recovery factors to date are as high as 50%. Here low risk infill and enhanced oil recovery (EOR) scheme opportunities remain.

- The largest land positions outside of the units are held by Crescent Point, Coral Hill, Arcan, Second Wave and Midway.

- These land positions provide access to the conservatively estimated 2.5 billion barrels of oil on the undeveloped lands.

- In this review we have only been able to identify gross acreage land positions which may not tell the whole story. As working interests in land positions are revealed, net acreage numbers will show who has the largest exposure to “The Sleeping Giant”.

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