

Miners launch joint venture with B.C. native bands

Akita Coastal Drilling Ltd. poised to tap methane gas bonanza believed to be under Vancouver Island native lands

Paul Harris

Buoyed by estimates of a vast potential resource, drilling contractors have established an innovative joint venture with 54 B.C. native bands in advance of any future coal-bed gas extraction on Vancouver Island.

Against a backdrop of surging gas demand and dwindling global renewable energy resources, research is slowly gathering momentum across B.C. to assess the commercial viability of coal-bed methane production.

B.C. has estimated coal-bed methane reserves of 90 trillion cubic feet. Roughly 1.1 trillion cubic feet can be found along Vancouver Island's east coast, near Nanaimo and Campbell River.

B.C. currently produces 1.07 trillion cubic feet of conventional natural gas a year.

Most of the island's known coal-bed gas sites are believed to be on land claimed as traditional territory by First Nations, said Naut'sa Mawt Tribal Council CEO Keith Wilson.

Wilson is on the board of a joint

venture launched with Calgary-based contractor Akita Drilling Ltd. to help ensure it's first in line to take advantage of any decision to tap the island's resources.

"When the gas companies want to explore the coal-bed methane potential they have to consult with First Nations and reach some type of agreement so they can participate in the deal," said Rob Hunt, Akita's senior vice-president. "We want to position ourselves and our First Nations partners so we will be able to participate in drilling if and when it occurs."

The resulting joint venture between Akita and the First Nations, Akita Coastal Drilling Ltd., has a board comprised equally of Akita's team and First Nations leaders, such as Wilson and Chief John Wesley of the Snuney-muxw First Nation in Nanaimo.

"We are still waiting on the provincial government to give us an indication about where they want coal-bed methane to go in the

province," said Wilson. "We're just waiting to get their vision clear and then to articulate that back to the public, so that producers can make some sort of reasoned decision."

He said long-running land claim issues vis-à-vis First Nations have not hampered coal-bed methane negotiations so far. In fact, he claimed it might have helped. He said the overall pattern of negotiation "drives the impetus to get us involved."

Said Hunt: "I think you have to separate the business part of First Nations affairs from the politics, and that is often hard to do, but I think the land claim issue is really First Nations and government politics. The business side is developing potential on their traditional lands. I have spent quite a bit of time with groups on the island. We have worked on First Nations partnerships for many years."

Coal-bed methane production is hardly an overnight opportunity

"We have worked on First Nations partnerships for many years"

— Rob Hunt, Akita Drilling vice-president



Gas works: (l to r): Chief Terry Sampson; Akita's Rob Hunt, Yiasulth Management Corp.'s David Leitch, Naut'sa Mawt Tribal Council CEO Keith Wilson; Chief Ernie Hardy and Chief John Wesley

to secure additional energy resources. It can take between three and five years to assess whether the appropriate geological conditions exist to make a venture commercially viable.

Meanwhile, Richard Mazur, president and CEO of Forum Development Corp., said the company is planning exploration on the 1,250-acre site of the annual mountain music festival in Merritt.

"We want to drill a well to assess the economic potential for producing gas from the Merritt coal basin," he said.

The company has initiated a baseline environmental study, ahead of a planned drill program.

"Certainly, coal prices are quite high due to Chinese demand so it has certainly spurred the coal mar-

ket, and thermal coal prices have piggy-backed on it. Coal-bed methane is a new industry here in B.C. Finally we are beginning to do something about it."

He said that the music festival organizers own the site's surface rights; Forum owns the rights to its minerals and petroleum. The company is currently involved in a \$750,000 private placement that's due to close this year. Mazur said the first exploration project to assess the coal-bed methane potential could take place later this quarter, but would more likely be in 2005.

A provincial government spokesman said the value of coal-bed gas in B.C. would depend on the state of the global energy market at the time of production. ♦

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