

Exploration and Relationships North of 60: A Primer on Oil and Gas Exploration in the Settlement Regions of the Central Mackenzie and the Delta

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Oil was first discovered in the Mackenzie Valley dating back to 1789 during the travels of Alexander Mackenzie along the banks of what was then called the Deh Cho, the Great River. In 1920, Northwest Discovery #1, at Norman Wells, flowed oil from fractures within the Late Devonian-aged Canol Formation shale, which might be thought of as the first shale play in Canada.

Oil and gas exploration up and down the Mackenzie Valley waxed and waned for the next sixty years; with large discoveries in excellent reservoirs in the Mackenzie Delta and offshore in the Beaufort Sea. The first true production, which moved south to the provinces, was the start-up of the Normal Wells oilfield by Imperial Oil in 1985. By mid-seventies enough gas was discovered in the Mackenzie Delta and nearshore environs to stimulate plans on building a pipeline to Alberta, an ambitious and still unfulfilled project. Post the 1977 Berger Commission report which recommended a ten year moratorium on a natural gas pipeline, many of the first nations of the north negotiated terms with the Canadian Federal Government in order to administer their lands and the use of their lands by the Crown.

The last decade has seen the energy industry return to the north exploring and working more closely with the Federal Government agencies and the First Nations Land Corporations, Tribal Councils and Boards. Our relationships today with the Inuvialuit, Gwich'in and Sahtu nations has both a consultation and a business focus and an acknowledgment that the Federal Crown Lands and the Surface and Mineral Lands owned by the First Nations are all incorporated into exploration lands where discoveries will continue to be made and development of future discoveries will occur.

At MGM Energy, now a three-year old company dedicated and focused on the north, we have gone through the process in the Sahtu Settlement Area of acquiring seismic data, drilling exploration wells and discovering gas on Crown and Sahtu mineral lands. We are committed to continue and improve the close relationship with the Sahtu Land Corporation, the Council and the local First Nations and promote future development and exploration potential on their lands.