

Government of Greenland Bureau of Minerals and Petroleum



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PRESS RELEASE

New exploration- and exploitation licence for hydrocarbons offshore West Greenland

The government of Greenland and the government of Denmark have approved the recommendation by the Joint Committee on Mineral Resources in Greenland of granting a new exploration and exploitation licence for hydrocarbons to the oil companies EnCana Corporation and Nunaoil A/S. The granting of the licence is based on an application from EnCana Corporation in the 2004 licensing round.

The licence is signed by Minister of Minerals and Petroleum Mr. Jørgen Wæver Johansen and the companies on January 20, 2005.

The licence area covers 2897 square kilometres and is located approximately 250 kilometres west of Nuuk, offshore West Greenland. In terms of geology the area covers parts of the Lady Franklin Basin. 4500 km of 2D spec. seismic data has been acquired in the area. The water depth roughly ranges from approximately 750 metres in the northern part to 1750 metres in the southernmost part of the licence area. No wells have previously been drilled in the licence area.

The Canadian oil company EnCana Corporation will hold 87.5% of the licence and will act as operator. The publicly owned oil company Nunaoil A/S will hold 12.5%.

EnCana Corporation is also the operator of the Atammik licence offshore West Greenland. This licence was awarded in the 2002 West Greenland Licensing Round and is situated approximately 80 kilometers north-east of the new licence area.

EnCana is one of the world's leading independent oil and gas companies. Headquartered in Calgary, Canada, EnCana is North America's largest independent natural gas producer and gas storage operator. Ninety percent of the company's assets are located in North America. EnCana is the largest producer and landholder in Western Canada and is a key player in Canada's emerging offshore East Coast basins. Through its U.S. subsidiaries, EnCana is one of the largest gas explorers and producers in the Rocky Mountain states and has a strong position in the deep water Gulf of Mexico. EnCana common shares trade on the Toronto and New York stock exchanges under the symbol ECA.

Background

Exploration for hydrocarbons offshore West Greenland was initiated in the beginning of the 1970s, and in the following years five exploration wells were drilled, of which one showed traces of hydrocarbons.

In 1992 The Geological Survey of Denmark and Greenland (GEUS) registered oil seeps on the Disko Island in Northwest Greenland. In addition, in the following years the seeps were recorded over a wide area, extending from northern Disko through Nuussuaq peninsula to the southern part of Svartenhuk peninsula. In 1996, the Canadian company GrønArctic Energy Inc., drilled an exploration well on Nuussuaq, which showed the existence of hydrocarbons.

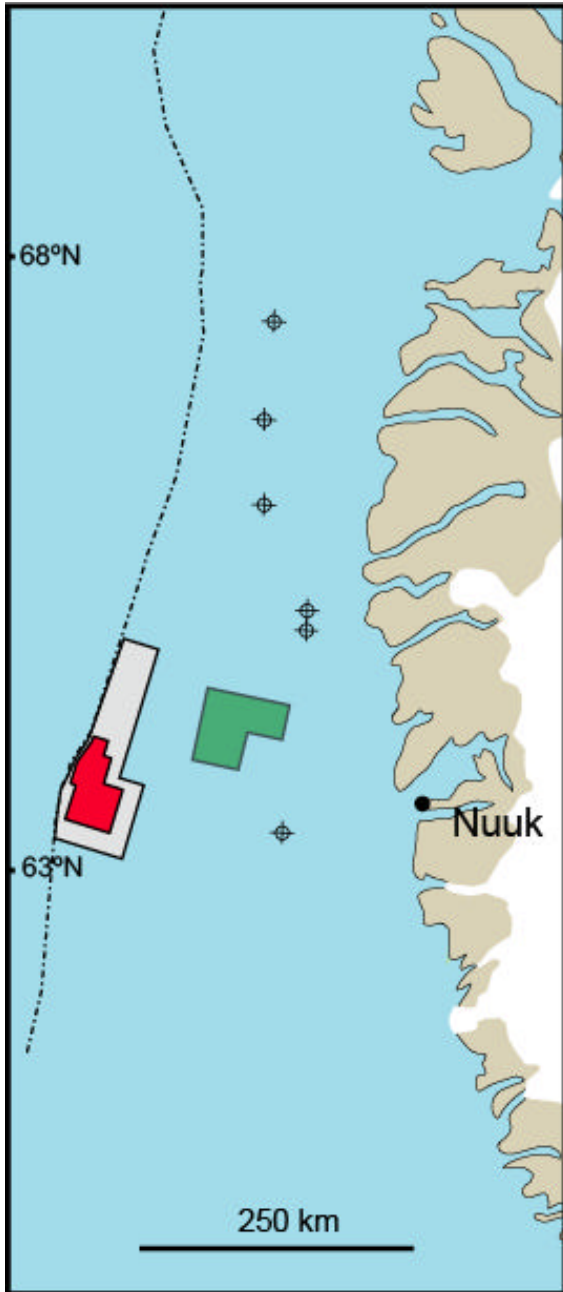
In 2000, a group led by Statoil drilled an exploration well, Qulleq-1, offshore central West Greenland. Even though the well did not strike hydrocarbons, it provided much valuable new information of importance for the planning of future exploration activities.





In the period 1999–2003, commercial geophysical companies acquired extensive new speculative seismic data offshore West Greenland, in order to sell these data to the oil industry in connection with licence rounds.

The new seismic data have revealed the existence of very large sedimentary basins offshore West Greenland. An integrated evaluation of seismic, gravity, magnetic and satellite data – primarily collected through the latest five years – confirms the possible existence of a very large interconnected basin system with petroleum deposits along the so-called Ungava Fault Zone. Thus, this basin system links the petroleum deposits in the Labrador-sea south of 60°N, with the collected oil seeps on Disko-Nuussuaq, all the way up to 71°N.

For further information please contact Head of Department, Jørn Skov Nielsen, phone +299 34 68 06 or visit BMPs homepage www.bmp.gl

For overview map: see below.



-  EnCana & NUNAOILs new licence area granted in 2005
-  Licence area no. 1 from the 2004 Licensing Round
-  EnCana & NUNAOILs licence granted in 2002
-  Exploration well