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## Gas found in Quebec shale

### Calgary company soars on natural gas discovery

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Calgary Herald

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A small Calgary explorer is flying high after a big natural gas discovery in Quebec.

Tiny Questerre Energy Corp. saw its shares triple in two days after Denver-based Forest Oil Corp. said shale rocks in the St. Lawrence lowlands could yield 4.1 trillion cubic feet of unconventional gas reserves.

A week ago, Questerre was a penny stock, floating around 40 cents. Wednesday, it rose 40 per cent to close at \$1.13, up 31 cents on the day. Questerre shares were the most actively traded on the Toronto Stock Exchange on Wednesday, with 12.3 million units moving.

For CEO Michael Binnion, it's an overnight success a decade in the making.

"To have some recognition in the market for the first time in a long time, that's really nice," he told the Herald.

Binnion said he was "feeling some pressure" for the company's sagging share price. "I think they're still substantially too low," he added.

"When I first started talking about this in Calgary, I had a number people tell me there's absolutely no potential in Quebec. The real trick for us has been to stay alive for the past eight to 10 years."

Forest said it made the large reserve estimate based on a pair of experimental test wells drilled over the winter near Trois Rivieres, which it said could prove to be larger than the Barnett shales in Texas.

The Barnett, which is the de facto benchmark for unconventional gas, currently produces two billion cubic feet per day.

"I think you're going to see some extreme upside out of this play," John Ridens, Forest's chief operating officer, told an investors conference in New York.

The news sent shares in other companies in the area significantly higher. Talisman Energy Inc., which has half a million hectares in the region, jumped 76 cents to \$19.36, while Montreal-based Gastem Inc. gained \$1.38, or 123 per cent, to close at \$2.50.

Junex Inc., a Quebec City-based explorer that partnered with Forest on the discovery well, gained 50 cents, or nearly 60 per cent, to close at \$1.36.

"This is a very important milestone for Junex and for Quebec in general, it's very big," said company CEO Jean-Yves Lavoie.

"In Quebec we are always looking for energy but we don't have a culture of oil and gas in

Quebec," said Lavoie.

Quebec currently consumes about 500 million cubic feet per day, almost all of it imported from Alberta.

Forest said individual vertical wells could produce about one million cubic feet per day with comparable horizontal wells capable of four to five times as much.

That means the province could become a significant gas exporter as activity ramps up. Questerre's Binnion said the province could see 10,000 or more wells as the area is developed over the next decade.

The area could hold 150 trillion cubic feet, about five times more than Alberta's current proven conventional gas reserves.

"I just can't fathom what kind of numbers we're talking about," he said.

Forest said it would drill three horizontal wells starting July to establish production by 2009. Full-blown development is eyed for 2010.

Larry Busnardo, a Denver-based analyst with Tristone Capital, described Forest's results as "encouraging" but remained cautious against increasing the company's value target.

Forest's shares rose \$2.08 in New York on Wednesday to close at \$54.57 US.

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