Poland as European shale gas laboratory:

status and experiences

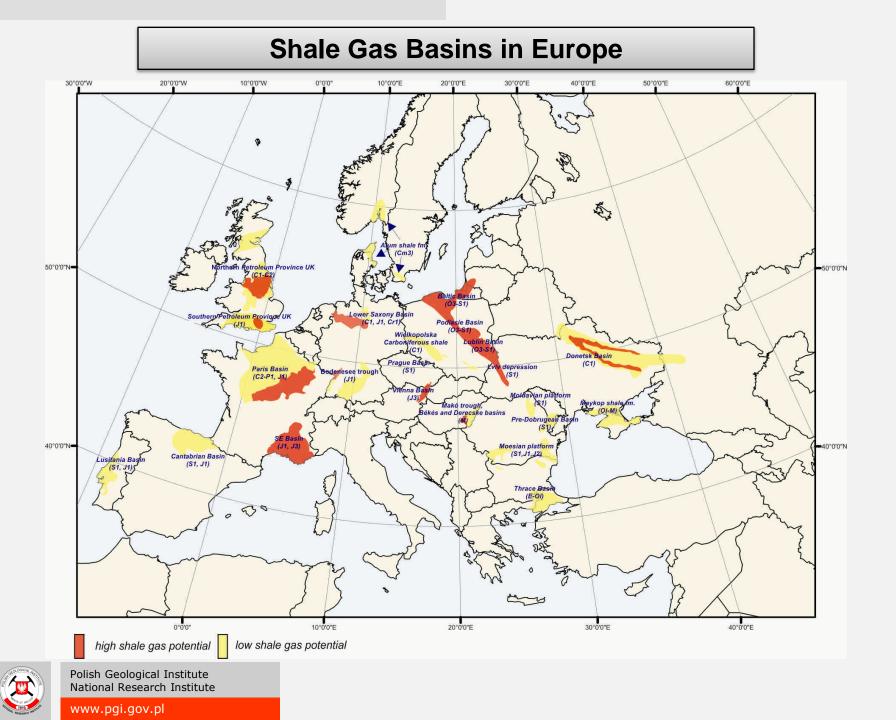


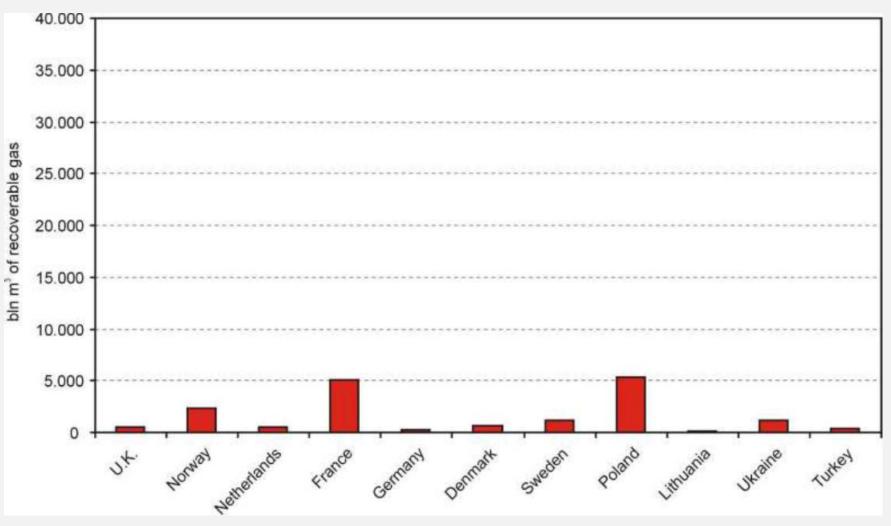
4th International Geosciences Student Conference, Berlin,

26th April, 2013

Ireneusz Dyrka M.Sc., Eng. (PGI-NRI)

Marcin Janas M.Sc., Eng. (PGI-NRI)

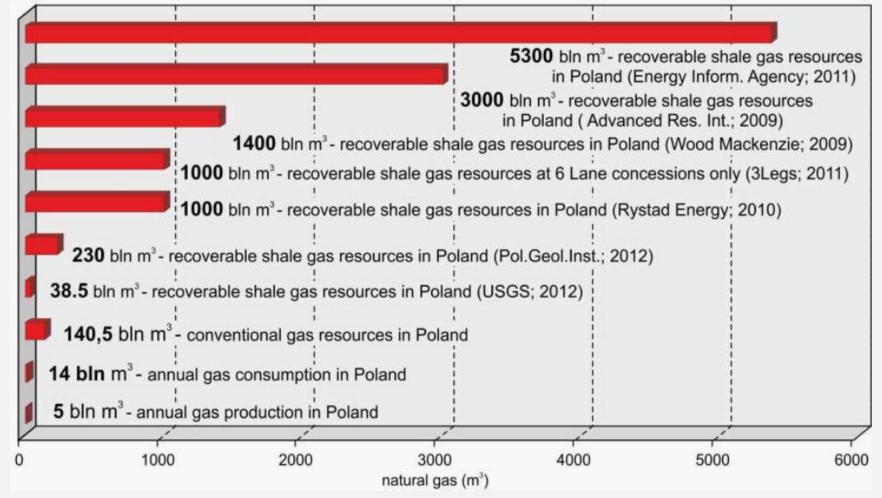




Shale gas resources (EIA report; In: Poprawa, 2012)



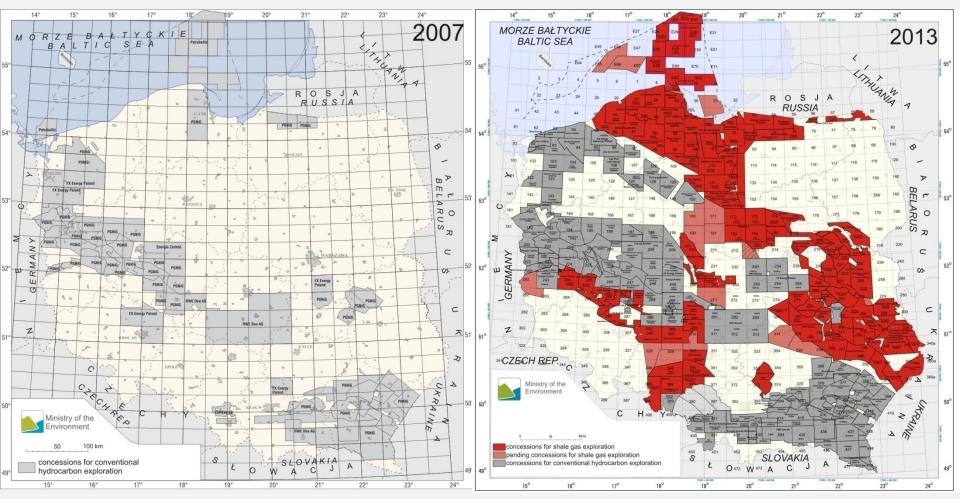
Polish Geological Institute National Research Institute



Compilation of potentially recoverable resources of Lower Paleozoic shale gas in Poland, according to preliminary estimations by Wood Mackenzie and Advanced Resources International, and recoverable conventional gas resources, annual production of conventional gas and annual gas consumption in Poland (Poprawa, 2012)



Polish Geological Institute National Research Institute www.pgi.gov.pl



Maps of cocessions status for hydrocarbon exploration in Poland (Bońda R., Siekiera D. and Szuflicki M.; source: Polish Ministry of Environment, Department of Geology and Geological Concessions)



Polish Geological Institute National Research Institute

Major oil & gas companies holding shale gas exploration concessions in Poland



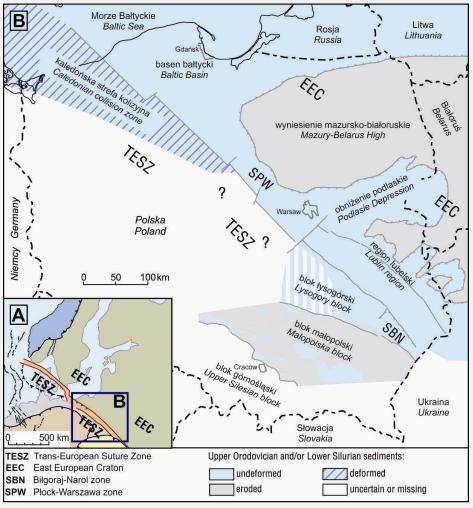


Polish Geological Institute National Research Institute

GEOLOGY OF THE LOWER PALEOZOIC SHALES IN POLAND



Polish Geological Institute National Research Institute



A – western slope of the East European Craton (EEC) with the background of the main tectonic units of the central and northern Europe.

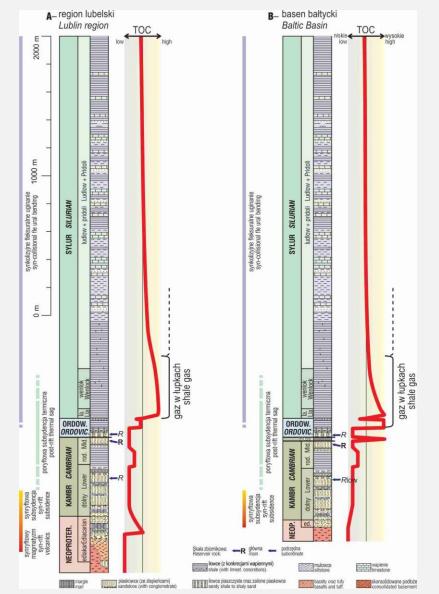
B – location of the Lower Paleozoic sedimentary basins and lateral estend of the Upper Ordovician and/or Lower Silurian shale formations. SPZ – Płock-Warszawa zone, SBN – Biłgoraj-

Narol zone (after Poprawa, 2010).

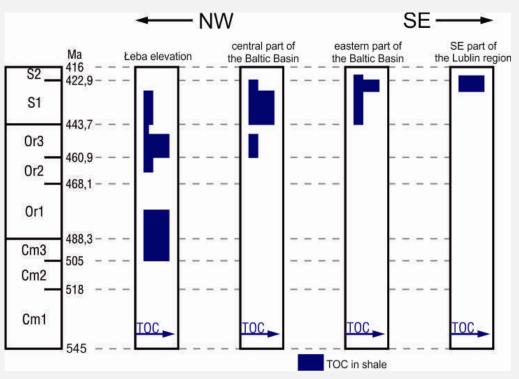


Polish Geological Institute National Research Institute

www.pgi.gov.pl



Simplified lithostratigraphic section of the Lower Paleozoic in the Lublin region (A), and Baltic Basin (B) with position of organic rich shales, being potential shale gas formation (after Poprawa, 2010).

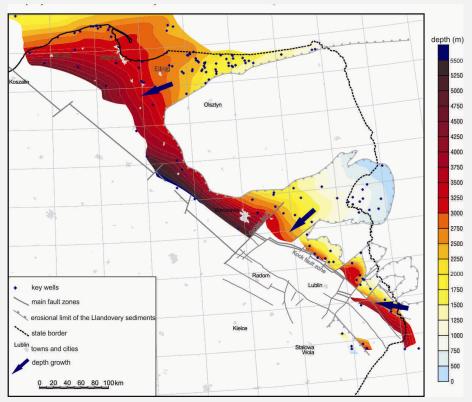


Simplified scheme illustrating diachronism of the first apperance of organic rich shales in sedimentary basins from the western slope of he EEC in the Early Paleozoic times (Poprawa, 2010) Important feature of Lower Paleozoic plays is their diachronism of the first apperance of organic rich shale in sedimentary basin.

➢ The closer to SE part of Poland prospective of Lower Paleozoic shales are more younger.

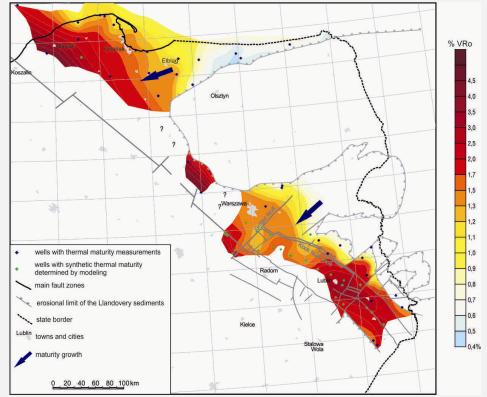


Polish Geological Institute National Research Institute www.pgi.gov.pl



The relationship between burial depth and thermal maturity

Map of the depth to the base of the Llandovery (base of Silurian) at western slope of the East European Craton (after Poprawa, 2010)



Map of thermal maturity (vitrinite reflectance scale %Vro) for Llandovery (Lower Silurian) sediments at the western slope of the East European Craton (after Poprawa, 2010)



Polish Geological Institute National Research Institute

ASSESSMENT OF SHALE GAS AND OIL RESOURCES OF THE LOWER PALEOZOIC BALTIC-PODLASIE-LUBLIN BASIN IN POLAND First Report



Polish Geological Institute National Research Institute

□ Recoverable resources were calculated with use of a certain average Estimated Ultimate Recovery (EUR) – USGS methodology.

□ Assessment of shale gas and shale oil resources of the Lower Paleozoic resources based on geological data from 39 wells, such as :

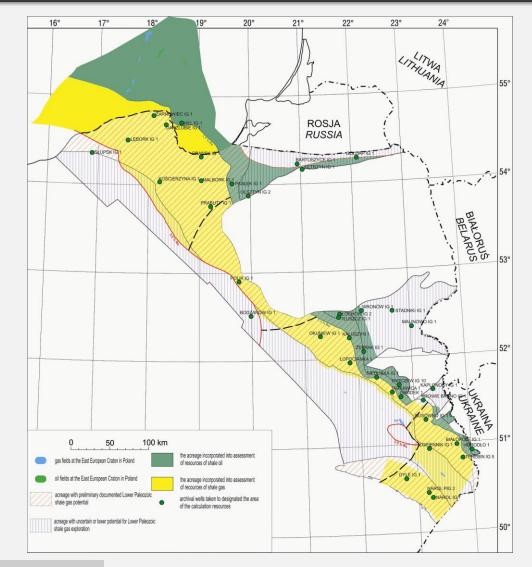
- ➤ burial depth (1000-4500 m)
- Iateral extend and net thicknesses (>15 m)
- organic matter (TOC content >1%)
- ➤ thermal maturity (0,5-1,1 % oil; 1,1-3,5 % gas)
- structural complexity

□ Data like porosity, permeability, gas pressure, HC composition, IP, mechanical properties and shale mineralogy were not available.



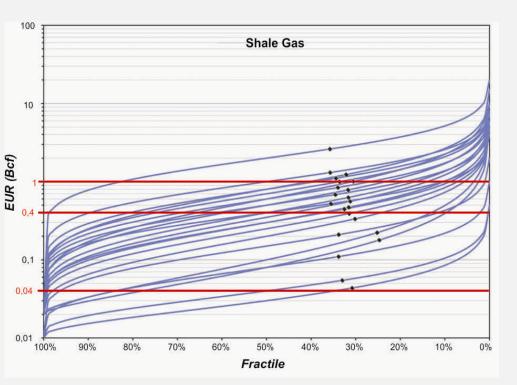
Polish Geological Institute National Research Institute www.pgi.gov.pl

The acreage incorporated into assessment units and qualified into calculation of resources of shale gas and oil





Polish Geological Institute National Research Institute



Distribution of Estimated Ultimate Recovery from a single well for 26 U.S. sedimentary basins or areas analyzed at angle of USGS resources. A single blue line represents distribution of EUR in certain U.S. sedimentary basin. Red line indicate value of EUR which have been adopted in the assessment of shale gas in Poland by the PGI-NRI in variant minimum, median and maximum. (based on: U.S. Geological Survey Oil and Gas Assessment Team, 2012).



Polish Geological Institute National Research Institute www.pgi.gov.pl Three alternative EURs were incorporated:

➤ 0,4 Bcf (11,3 MMcm) as the most probable

- > 1 Bcf (28,3 MMcm) as maximum
- > 0,04 Bcf (1,13 MMcm) as minimum

Recoverable resources of shale gas in the Lower Paleozoic basin. Bcf – billion cubic feet. Bcm– billion cubic meters. EUR – Estimated Ultimate Recovery. PGI Report, 2012.

| PGI Report, 2012 | EUR minimum (0.04 Bcf = 1.13 MMcm) | EUR optimum (0.4 Bcf = 11.3 MMcm) | EUR maximum (1 Bcf = 28.3 MMcm) |
|---|--|---|---------------------------------------|
| offshore acreage max. 7,952.4 sq.km | 14.8 Bcm | 148,4 Bcm | 371.1 Bcm |
| offshore acreage min. 6,192.4 sq.km (gas window) | 11.6 Bcm | 115.6 Bcm | 289.0 Bcm |
| onshore basin acreage max. 33,183.3 sq.km | 61.9 Bcm | 619.4 Bcm | 1,548.6 Bcm |
| onshore basin acreage min. 12,347.3 sq.km (gas window) | 23.0 Bcm | 230.5 Bcm | 576.2 Bcm |
| onshore & offshore acreage max. 41,135.7 sq.km | 76.8 Bcm | 767.9 Bcm | 1,919.7 Bcm |
| onshore & offshore acreage min. 18,539.7 sq.km (gas window) | 34.6 Bcm | 346.1 Bcm | 865.2 Bcm |

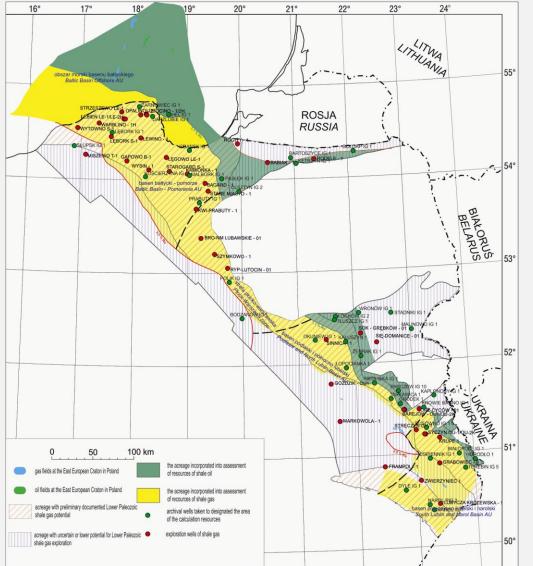


Polish Geological Institute National Research Institute

FUTURE ASSESSMENT OF SHALE GAS RESOURCES OF THE LOWER PALEOZOIC BALTIC-PODLASIE-LUBLIN BASIN IN POLAND



Polish Geological Institute National Research Institute

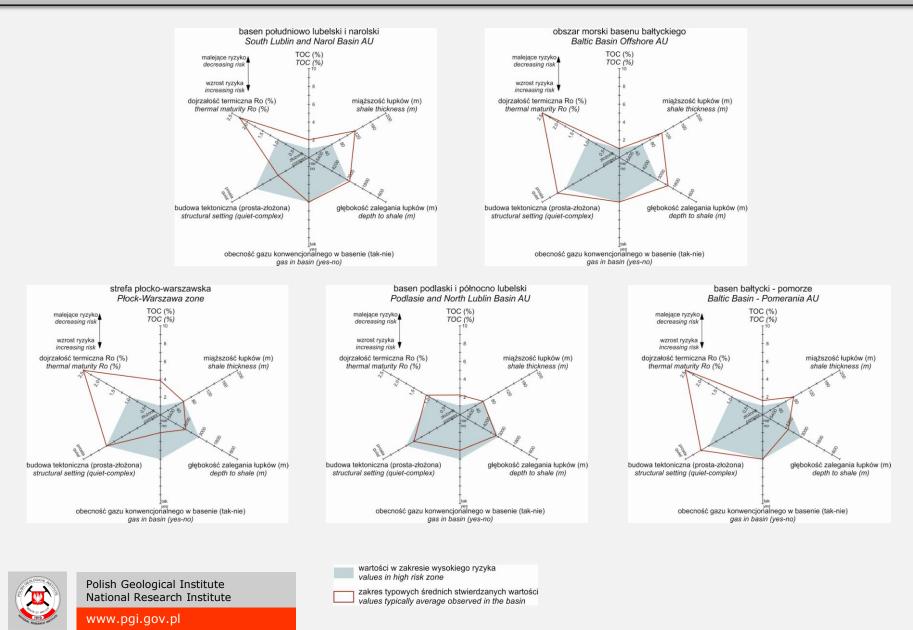


- Baltic Basin Offshore AU
- Baltic Basin Pomerania AU
- Płock-Warszawa zone AU
- Podlasie and North Lublin Basin AU
- South Lublin and Narol Basin AU
- AU Assessment Unit



Polish Geological Institute National Research Institute

Geological and geochemical risk parameters of shale gas exploration for proposed future assessment unit.

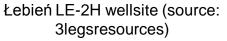


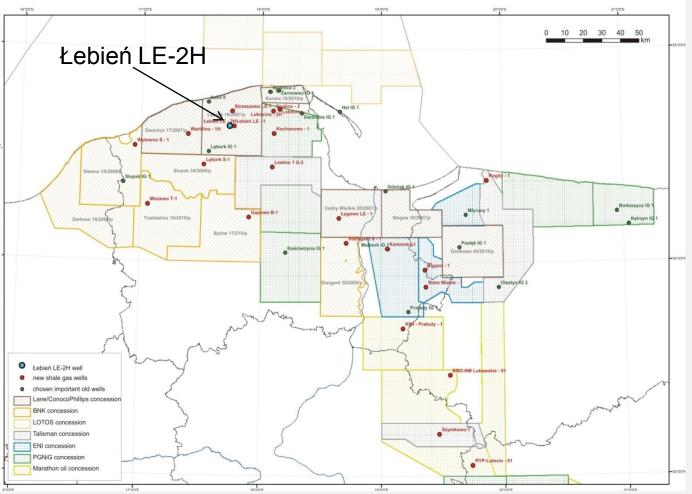
ENVIRONMENTAL IMPACT OF HYDRAULIC FRACTURING TREATMENT PERFORMED ON THE ŁEBIEŃ LE-2H WELL



Polish Geological Institute National Research Institute







Map showing location of Łebień LE-2H well and cocessions status for shale gas exploration within the polish land sector of Baltic Basin (created by Jasionowski, PGI)



Polish Geological Institute National Research Institute

THE LEBIEN ENVIRONMENTAL REPORT

CONTRACTING AUTHORITY: MINISTRY OF ENVIRONMENT IN AGREEMENT WITH THE OPERATOR

CONTRACTOR: CONSORTIUM LED BY THE PGI-NRI

MAJOR AIM: ASSESS ENVIRONMENTAL IMPACT OF HYDRAULIC FRACTURING TREATMENT PERFORMED ON THE ŁEBIEŃ LE-2H WELL

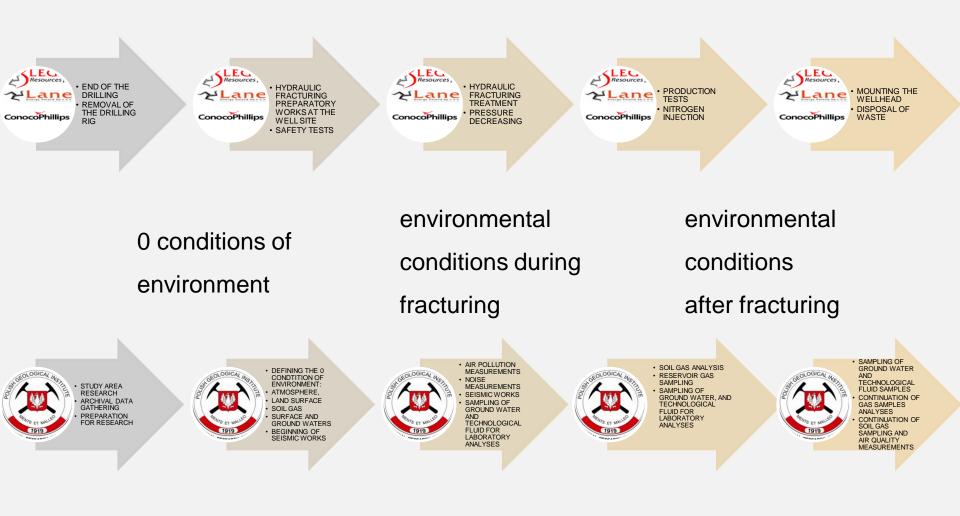
RESEARCH COMPRISED: SEISMIC MONITORING, ANALYSES OF: SOIL GAS, SURFACE AND GROUND WATER, HYDRAULIC FRACTURING FLUID, MEASUREMENTS OF GASEOUS EMISSIONS AND NOISE





Polish Geological Institute National Research Institute

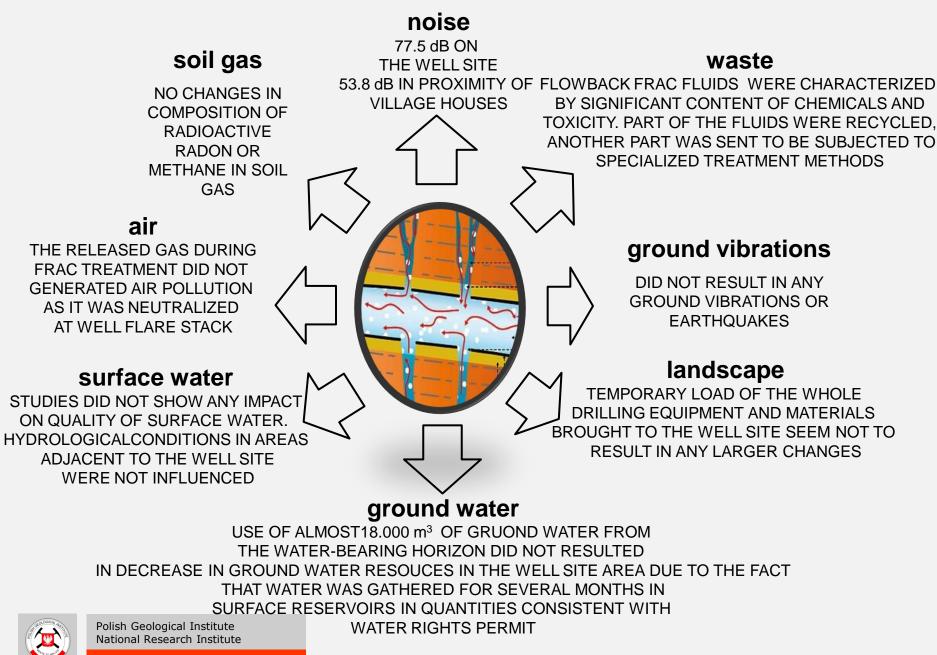
Plan of the environmental research





Polish Geological Institute National Research Institute

RESULTS OF HYDRAULIC FRACTURING TREATMENT



STATUS OF SHALE GAS EXPLORATION IN POLAND

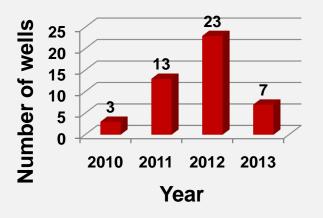


Polish Geological Institute National Research Institute

Table showing up to date (02.04.2013) numbers of completed shale gas wells with and without hydraulic fracturing performed (source: Polish Ministry of Environment)

| | number of vertical wells | number of horizontal wells | sum |
|------------------------------------|--------------------------------|----------------------------------|-----|
| hydraulic fracturing | 9 | 4 | 13 |
| microfractu ring/ DFiT* | 4 | 1 | 5 |
| without hydraulic fracturing | 20 | 5 | 25 |
| sum | 33 | 10 | 43 |

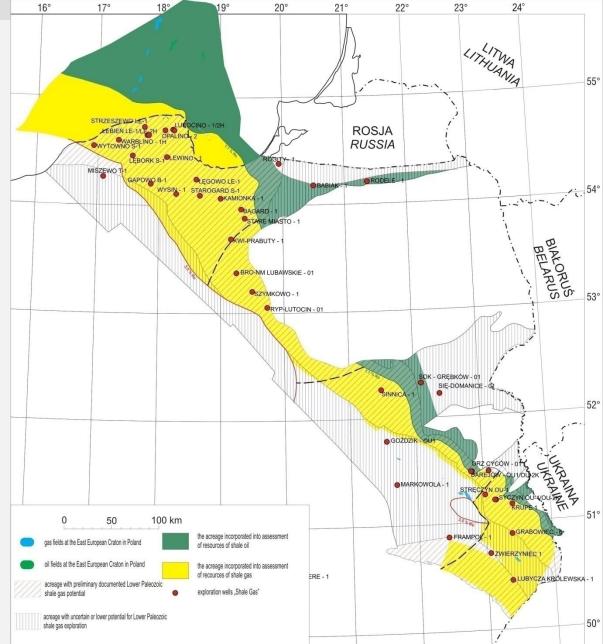
*DFiT – Diagnostic Fracture injection Test





Polish Geological Institute National Research Institute

www.pgi.gov.pl



Map showing all shale gas wells at the East European Craton

OPTIMISTIC RESULTS PUBLICATED BY LANE/CONOCO PHILLIPS

Łebień LE-2H well - completed September 2011

 ∇

Well reached 4075 m with horizontal section 1000 m long within Lower Paleozoic shales (13-stage slickwater fracturing)



Tested for 17 days



Flowed at 450-520 mcf/day for 8 day period before being shut in (**First sustained shale gas production in Poland**)



Potential for further fracturing design improvement in new wells



Fracturing operations and flare at Łebień LE-2H well (source: 3legsresources)



Polish Geological Institute National Research Institute

Thank you for the attention



"We still don't know. Is the Polish Ordovician-Silurian Shale Gas Basin a honey barrel or just honey smell." (Hubert Kiersnowski, Head of Unconventional Resources, PGI-NRI)



Polish Geological Institute National Research Institute www.pgi.gov.pl

References

PGI, 2012 - Assessment of shale gas and shale oil resources of the Lower Paleozoic Baltic-Podlasie-Lublin basin in Poland. First report.

Poprawa P., 2010 – Shale gas potential of the Lower Paleozoic complex in the Baltic and Lublin-Podlasie basins (Poland). Prz. Geol., 58:226-249.

Poprawa P., 2012 – The Impact of Shale Gas on the availability of feedstock – potential role of Europe. 3rd Annual Global Petrochemicals Technology Conferencem, Doha.

USGS, 2012 – Variability of Distribution of Well-Scale Estimated Ultimate Recovery for Continous (Unconventional) Oil and Gas Resources in the United States. Open-File Report 2012-1118



Polish Geological Institute National Research Institute