

# B.C.'s offshore drilling plans remain afloat

The industry wants to see B.C. and Ottawa reach consensus on where and how exploration could proceed

**Scott Simpson, Vancouver Sun**

Published: Tuesday, November 21, 2006

Two years have passed since a federal report on prospects for exploiting B.C.'s offshore oil and gas resources fell into the public's lap with all the sagacity of a piece of raw liver flopping onto a butcher's block.

It was widely anticipated that the report from a panel chaired by former National Energy Board chairman Roland Priddle would determine, for better or for worse, whether B.C. was ready to commence exploration of North America's single greatest unexploited repository of fossil fuels. Instead, the Priddle panel chose to hold up a mirror to a "vigorously polarized" province -- noting deep divisions between environmental groups and small business proponents, between corporate interests and scientists, between politicians and ordinary residents -- and declined to offer a definitive opinion.

The panel noted that 75 per cent of those making presentations at its public hearings voiced support for maintaining a 32-year-old federal moratorium that bans exploration of offshore resources. But the panel cautioned that its findings were distorted because groups such as the B.C. Green Party and the B.C. Chamber of Commerce counted only as one voice apiece -- not as the thousands of people each represents.

A disappointed B.C. Energy Minister Richard Neufeld dismissed the report as "useless." Neufeld hasn't softened that stance in the 24 months since, describing it in a recent interview with The Vancouver Sun as "good for the shredder."

Which is not to suggest that B.C. quit on the idea. Quite the contrary.

Since the report came out on Nov. 19, 2004, Neufeld noted, the province has been pushing the offshore file along with undiminished vigour.

Scientific research has been financed, first nations consulted and in some cases won over, coastal community groups courted, and alliances with like-minded U.S. government agencies forged. Neufeld believes in the urgency of B.C.'s efforts.

"We are net importers of oil in British Columbia. If somebody runs out, guess what, we do too," he says. "We produce 13 million barrels a year, and consume between 65 and 70 million barrels. That won't change in the future, other than that we will continue to consume more."

A recent report by a U.S.-based agency, co-written with the participation of the B.C. government, bears a similar message.

## PROVINCE ANXIOUS TO SEARCH FOR OIL AND GAS



The industry wants to see B.C. and Ottawa reach consensus on where and how exploration could proceed — and mapping out “nogo zones” where environmental concerns would prevail — before committing funds to exploration.  
Photograph by : Vancouver Sun Illustration

The Interstate Oil and Gas Compact Commission, an amalgam of 37 U.S. oil-producing states and "international affiliates" including B.C., noted that this province has greater offshore reserves under moratorium than any other North American jurisdiction.

Titled "Untapped Potential", the report is presented as the "first complete" examination of suspected resources in offshore areas where exploration and development are currently barred.

"They would play an important role in meeting future North American energy requirements from hydrocarbon resources on the continent," says the report, which adds that it's "important for citizens and policy makers" to understand their significance.

Neufeld, however, doesn't expect any action until the political situation in Ottawa becomes more stable.

"Whether it's a Conservative government or a Liberal government, when there's a minority situation they aren't going to take bold steps. I think we have to wait until we get a government in Ottawa that's a majority, and we can get this file moved forward."

Dave Pryce, Western Canada operations vice president for the Canadian Association of Petroleum Producers, said his members regard B.C.'s offshore resource as "a longer-term prospect."

Right now, he said, Northeast B.C.'s gas patch has "captured the attention of most of the industry" as well as capital investment dollars.

The industry wants to see B.C. and Ottawa reach consensus on where and how exploration could proceed -- and mapping out "no-go zones" where environmental concerns would prevail -- before committing funds to exploration.

Tony Fogarassy, who holds the energy law group chair for Clark Wilson LLP, said the Priddle panel report "was a disappointment for all concerned."

A former Conservative Party candidate, Fogarassy said there was little talk in the last federal election race about the offshore issue because it was apparent that neither the Tories nor the Liberals would form a majority -- and were probably reluctant to take a strong stand on a volatile issues.

"This time around, the polling suggests the Conservatives have more of a shot at forming a majority government than the Liberals. Once that budget comes down in February, we are in election mode ... that's probably when we'll start hearing some chatter on offshore oil and gas."

Meanwhile, B.C. has provided almost \$3 million to University of Northern B.C. and University of Victoria for research to address potential impact of offshore exploration, and is also providing funds to interested first nations in support of their own investigations of the opportunities and risks.

Fogarassy believes B.C. is placing the greatest emphasis on first nations consultation, in the absence of interest by the federal government.

"If you look at the [B.C. energy ministry's] offshore oil and gas team, I'd venture to say that half the members are first and foremost first nations experts," Fogarassy said.

"The province really has done a very positive about-face in terms of its attitudes and dealings with first nations.

"I find it quite remarkable.

"The Premier has recognized that if B.C. is going to move forward on certain projects which would impact traditional territories of first nations, there must be certainty and buy-in from the first nations."

Nelson Leeson, president of Nisga'a Lisims, said members of the Nass Valley tribal group are looking to replace employment and income opportunities that have been lost with the collapse of the North Coast fishing and forest industries.

Earlier this year, B.C. provided the Nisga'a \$283,000 in support of research of the offshore industry.

Leeson and other Nisga'a leaders toured offshore rigs in Alaska's Cook Inlet, where the industry coexists with traditional hunting and gathering activities.

"Most of it was positive," Leeson says. "One of the things that really jumped out at me was when people said, 'Hey we live in the north because we like the lifestyle. We hunt, we fish, we trap and we are not about to jeopardize that lifestyle by going crazy with oil and gas. We are making sure that it's scientifically sound, environmentally safe.'

"Personally, I was quite surprised to hear that."

Leeson said one of his government's main tasks is the need to build up the local economy.

"Some families are hanging on b the skin of their teeth so things have to change."

Jay Ritchlin of the David Suzuki Foundation said one of the disturbing things about the province's management of the offshore file is that it is blocking progress on a wide array of potentially related initiatives, including the development of marine protected areas under the federal government's oceans strategy.

Energy Minister Richard Neufeld said he supports the creation of marine parks on the north coast, but wants to ensure that potential offshore fossil fuel resources won't be closed off in the process.

"All I can call it is stalling," comments Ritchlin, who says B.C. was "sent packing" after the Priddle report.

"They are trying not to let anything go forward that might in some way hamper future oil and gas explorations."

Ultimately, he adds, the lifting of the moratorium depends on whether or not aboriginal interests can be satisfied.

"If this is going to go anywhere, despite environmental concerns one way or another, if the first nations and the land claims issues, the right and title issues don't get cleared up, the province is going to have a very hard time going anywhere with this."

ssimpson@png.canwest.com