

Minister Richard Neufeld
UBCM workshop on offshore oil and gas
September 21, 2004

Welcome to the UBCM delegates attending our workshop on offshore oil and gas. It's certainly a pleasure for me to see the interest that there is in the communities and across British Columbia in something that we think is a huge opportunity for British Columbia.

Today we hope to provide you with some of the information that you will find useful as resolutions on resource development and offshore development come up over the course of this convention.

We are happy to provide the expertise of Miss Kathy Penney and Bill Popp.

Their combined experiences are a great asset to us as we look to new oil and gas opportunities in British Columbia offshore.

Miss Penny's experience includes responsibility as corporate project manager, environmental effects monitoring, for two Newfoundland offshore projects, Hibernia and Terra Nova.

Mr. Popp brings with him a local government perspective. His current role as local government liaison for offshore oil and gas issues in the Cook Inlet, Alaska, allows him to advocate on many levels the responsible development of offshore resources in the Kenai Peninsula.

The oil and gas component of our energy portfolio is an important part of our provincial development.

It is something that we too often take for granted.

It is the key to our economy. Oil and gas fuel the movement of goods and services. It fuels the multiple industries that are growing in British Columbia from tourism to transportation.

British Columbians consume approximately 5 billion litres of gasoline, diesel fuel, jet fuel, and kerosene products - all byproducts of oil - every year.

On top of that, I do notice.... It's a standing joke in cabinet about asphalt. I try to get more asphalt in northeast B.C., rural B.C. and all of us should remember that asphalt comes off the very bottom of the barrel. It's the last thing that you can use, and all of us seem to love to drive on it, regardless of where we live.

Just to give you a few stats, the airport in Vancouver uses 3.5 million litres of jet fuel every day, seven days a week, 365 days of the year. A 747 will consume about 8,000 litres of jet fuel in taxiing and takeoff alone.

The Port of Vancouver uses about 2.6 million litres of bunker C every day, seven days a week, to fuel the ships that come in and out of our harbour, moving our goods and tourists.

In British Columbia we estimate we have about 110 trillion cubic feet of natural gas, of probable reserves, 90 trillion cubic feet of coalbed gas and about 18 billion barrels of oil yet to be discovered. Ten billion barrels of that oil is estimated to be offshore, and 42 trillion cubic feet of natural gas is estimated to be offshore.

During the recent federal public review, 45 British Columbia communities put their communities on the record supporting the lifting of a moratorium in order to explore those opportunities.

A scientific and technical review conducted by an independent federal-provincial environmental panel in 1986 was the first in recent history to conclude that exploration could proceed.

In 1998 a provincial technical review was commissioned which was subsequently updated in 2001, concluding that there are no reasons to rule out offshore activity.

2002 saw the results of the independent provincial science panel headed by Dr. David Strong; that report, like previous ones, said there are no reasons why, with a good regulatory system, you could not move forward with offshore oil and gas.

Most recently, a federal independent science review conducted by the Royal Society of Canada under Dr. Jeremy Hall again reached the same conclusion.

Dr. Hall's scientific report suggested that there may be a total of \$110-billion worth of natural gas and oil available in the Queen Charlotte Basin.

Others have suggested that that could result in upwards to \$1 billion annually to the province to support vital public services like health care, education and all the ensuing jobs that go with it in the economic activity in actually discovering and moving that oil and gas.

The province has launched a comprehensive plan to achieve its goal of scientifically sound and environmentally responsible offshore exploration and development. We've created a dedicated Offshore Team with the appointment of Deputy Minister, Jack Ebbels, in my ministry, as the head. He has a team of people and their job is to work on offshore and onshore oil.

The foundation of the plan is a long-term strategy, which sees the commencement of exploration activity hopefully by 2010. We're focusing on three key themes to achieve this:

- working with first nations in coastal communities to identify their concerns, provide information and establish mutually workable solutions;
- developing options, secondly, for the provincial position on a comprehensive management and regulatory regime from initial granting of exploration rights to decommissioning of facilities and site cleanup; our focus is on best practice;
- thirdly, working with Ottawa and our universities to advance the state of scientific knowledge regarding the B.C. offshore and ensuring that knowledge is made more accessible to the public.

It is clear that issues facing aboriginal communities in considering the possible development of offshore oil and gas activities are complex. They need reliable information to come to an informed view. To that end, the province has begun work with a number of coastal first nations and aboriginal organizations to address these information needs.

The province recognizes that coastal communities also require extensive factual and relative information on the potential benefits and risks associated with offshore development. Going forward, the province will continue to work with coastal communities and stakeholders to provide relevant information to assist them in identifying their interests and means to address those interests.

To date we have partnered with coastal communities in B.C. over \$1.8 million for educational initiatives, and I have led two teams...or twice, once to the Cook Inlet where we met with Bill Popp in regards to Alaskan offshore and also the Gulf of Mexico with leaders of first nations and leaders from non-aboriginal communities. We are also preparing to begin discussions with coastal communities and stakeholders on the management and regulatory approaches.

The province believes the existing science gaps do not warrant continuation of the federal moratorium. We also recognize that the state of scientific knowledge for the B.C. offshore can and should be improved.

Determining what scientific work should be done when, and who should pay for it, cannot be accomplished by the province alone. The full and active participation of the federal government, industry, first nations, stakeholders, and the academic community is required to establish the existing knowledge as a base that can be shared and built upon in order to advance scientific investigation and knowledge.

An important science gap is the limited knowledge concerning the potential hydrocarbon resource itself, including its size, location, and possible recoverability.

Largely, as a result of the moratorium, less than 30,000 kilometres of seismic studies have been conducted for the B.C. offshore - compared to more than 1,350,000 kilometres for the Newfoundland and Labrador offshore, alone.

You should also know that we drill and have drilled in the Beaufort Sea for a long time. In Ontario they drill in the Great Lakes every year for oil and gas. So it's not new to Canada; we do it on the east coast, in the Great Lakes, in the Gulf of St. Lawrence, and the Beaufort. Hopefully, we can move that forward to the west coast.

The issue of the moratorium and offshore oil and gas activity is clearly not one of science but rather one of policy; all science reports commissioned by both the federal and provincial governments in the last three years have made this abundantly clear. The province believes there are many reasons to lift the moratorium, not the least of which is to allow for filling of some of the agreed-upon science gaps, as well as implementing the recommendations offered by those learned scientists who have studied the issues.

So I look forward to hearing the presentations from the other two panelists and to questions afterwards. Thank you very much.