Unlocking the Future of Offshore Arctic Oil and Gas Development

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CAPP
Canada’s Oil & Natural Gas Producers
Canadian Association of Petroleum Producers

- Represents large and small producer member companies
- Members explore for, develop and produce natural gas, natural gas liquids, crude oil, and oil sands throughout Canada
- Produce about 80 per cent of Canada’s natural gas and oil
- Part of a national industry with revenues of about $101 billion per year
- Associate members provide a wide range of services that support the upstream oil and natural gas industry
- Offices in St. John’s, Ottawa, Calgary and Vancouver
Presentation Outline

• Current Status
• Industry’s Position
• What is Required to Encourage Exploration
• Current Industry Canadian Arctic R&D Priorities
• Geological & Economic Assessment
• Conclusion
Current Canadian Arctic Status

• No exploration or development planned in near term
• U.S. & Canada Arctic Joint Leaders Statement – December 2016
  • Freeze on new Canadian exploration licences & five year review
• 5 year review to include:
  • Regional Strategic Environmental Assessments in Beaufort and Baffin Bay/Davis Strait
  • Licence holder consultations
  • Arctic policy framework development
  • Arctic legislation modernization
  • Better defined role for Territorial governments and Indigenous communities
• Negotiations underway to reach agreement on Beaufort oil and gas management between Government of Canada, IRC, Governments of Northwest Territories and Yukon
Current Canadian Arctic Status (cont’d)

• Bill C-55 – Amendments to Oceans Act / CPRA – potential for MPA overlap on licences
• Bill C-69 – New environmental assessment legislation – implications for transport of Arctic resources
• Bill C-88 – Amendment to CPRA to freeze offshore licence terms
• FORRI – initiative to modernize offshore regulations delayed
Industry’s Position

• Industry needs long-term predictability and certainty
• Oil and gas activity can occur in the Canadian arctic safely, while protecting the environment
• Canada’s oil and gas regulatory regime is robust but requires modernizing
• Oil and gas investments in the Canadian arctic need to be more globally competitive with the help of incentives and new infrastructure

Arctic offshore technology advancement

• Marine seismic noise reduction
• Design and construction of new Arctic Class drilling units
• Ice management
• Safe drilling and production operations
• Well control and oil spill prevention and response
What is Required to Encourage Exploration & Development

• Modernize the regulatory regime, including enacting new legislation and amending various Bills
• Review the Same Season Relief Well policy, taking into account advances in well control and technology
• Include in the Arctic Policy Framework a recognition that future oil and gas investment can play a major contribution to northern and Indigenous economic and social goals and well-being
What is Required to Encourage Exploration & Development (cont’d)

• Provide certainty to investors that Canada wants oil and gas development in the arctic, and if so under what conditions
• Complete Regional Strategic Environmental Assessments, including implementing any recommendations
• Industry needs to advance current research & development priorities
• Updated geological and economic assessment
• Successful U.S. Beaufort Sea exploration results will increase attention
Current Industry Canadian Arctic R&D Priorities

• C-CORE:
  • Remote Sensing of the met-ice-ocean environment, provision of ice surveillance services, ice engineering, geotechnical engineering, oil spill response
• LOOKNorth
  • Commercialization of remote sensing (satellite and UAV) technologies and advancing Northern capacity to deliver remote sensing services
  • Advancing resource development and safety & security applications
• Petroleum Research Newfoundland & Labrador
  • Arctic and harsh environment – iceberg detection, threat analysis and drift forecasting, towing/towing automation, ice management/pack ice and station-keeping
• Churchill Marine Observatory (CMO)
  • Focused on detection and mitigation of oil spill in sea ice
• Canada’s High Arctic Research Station (CHARS)
  • Advancing arctic knowledge to improve economic opportunities
Canada’s High Arctic Research Station and Churchill Marine Observatory

CHARS

Polar Knowledge Canada

CMO

University of Manitoba
Geological & Economic Assessment Suggested

• A new independent study is required to assess geological, commercial and economic potential
• 25-30 year time horizon
• Help identify the regulatory and fiscal conditions under which future oil and gas development may be feasible
• This would assist in the five year review
• Provide realistic and credible economic appraisal on the future and timelines of arctic oil and gas potential
Conclusion

• Canadian Arctic has high potential for safe and responsible oil and gas development in the future
• There are significant policy and regulatory challenges that must be overcome to capitalize on that potential
• R&D/Technology continues to advance to help enable future arctic resource development
• New geological and economic assessment suggested
Thank You

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