

JUMPING TO THE WRONG CONCLUSIONS

At first glance, this issue appears to indicate the Atlantic Canadian offshore scene is waning. Delving deeper, however, reveals an entirely different conclusion. Allow me to explain.

The cover story shows that the Newfoundland offshore is past peak production for current discoveries. All three of its producing projects, as well as the soon to be developed Hebron field, were discovered between 27 and 32 years ago.

A chart in our Developments section illustrates that offshore Nova Scotia produces less natural gas per year than offshore Newfoundland reinjects. Exploration is at a virtual standstill and there can be no more new developments without it.

One of our features originated in an oil company's assertion that Newfoundland and Labrador is too expensive and lacks the onshore facilities to make a viable service and supply base for exploration offshore Greenland.

All in all, not a pretty scene. But if you keep reading, the bigger picture comes into view — and it's a much more appealing image.

Sure, peak production is past — but that's based on known resources. Exploration here is only in its infancy: 569 wells drilled offshore Atlantic Canada versus 11,050 offshore North Sea (U.K. portion, does not include Norwegian numbers). But our annual oil production is 18.8 per cent of theirs. Natural gas production here is 12.8 per cent of what it is there. And that's with only five per cent of the drilling activity, demonstrating that exploration activity offshore Atlantic Canada has had a higher success rate to date than the North Sea (UK).

Regarding the issue of Atlantic Canada's suitability as a service and supply base for offshore Greenland and Arctic exploration, well . . . rumours are rumours and facts are facts.

Fact: Atlantic Canada is physically closer to offshore Greenland and Arctic activity than either Aberdeen or Norway. It will take twice as long for a U.K. supply ship to reach Greenland as that same ship departing from Newfoundland. Geography alone automatically accounts for significant transportation cost savings over a U.K.-based supply chain.

Fact: the world's pre-eminent experts in ice detection, surveillance and management are in St. John's, Newfoundland (PAL, C-Core and Cougar Helicopters, among others). If you're working in an ice environment, Atlantic Canada has the expertise you need.

Fact: we have a stable political environment that appreciates the value the oil and gas sector can deliver to the local economy, as well as political and industry leaders who want to increase exploration activity. Returning again to our cover story, you'll read about the discussions already taking place on that very topic.

A half-informed person will erroneously assume that Atlantic Canada's petroleum heyday is past. Natural Resources readers will realize that we're only just getting started.



Hubert F Hutton

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