

Offshore British Columbia



Developing
British Columbia's
Offshore Oil and Gas,
Nisga'a Nation Special
Assembly
April 23, 2004

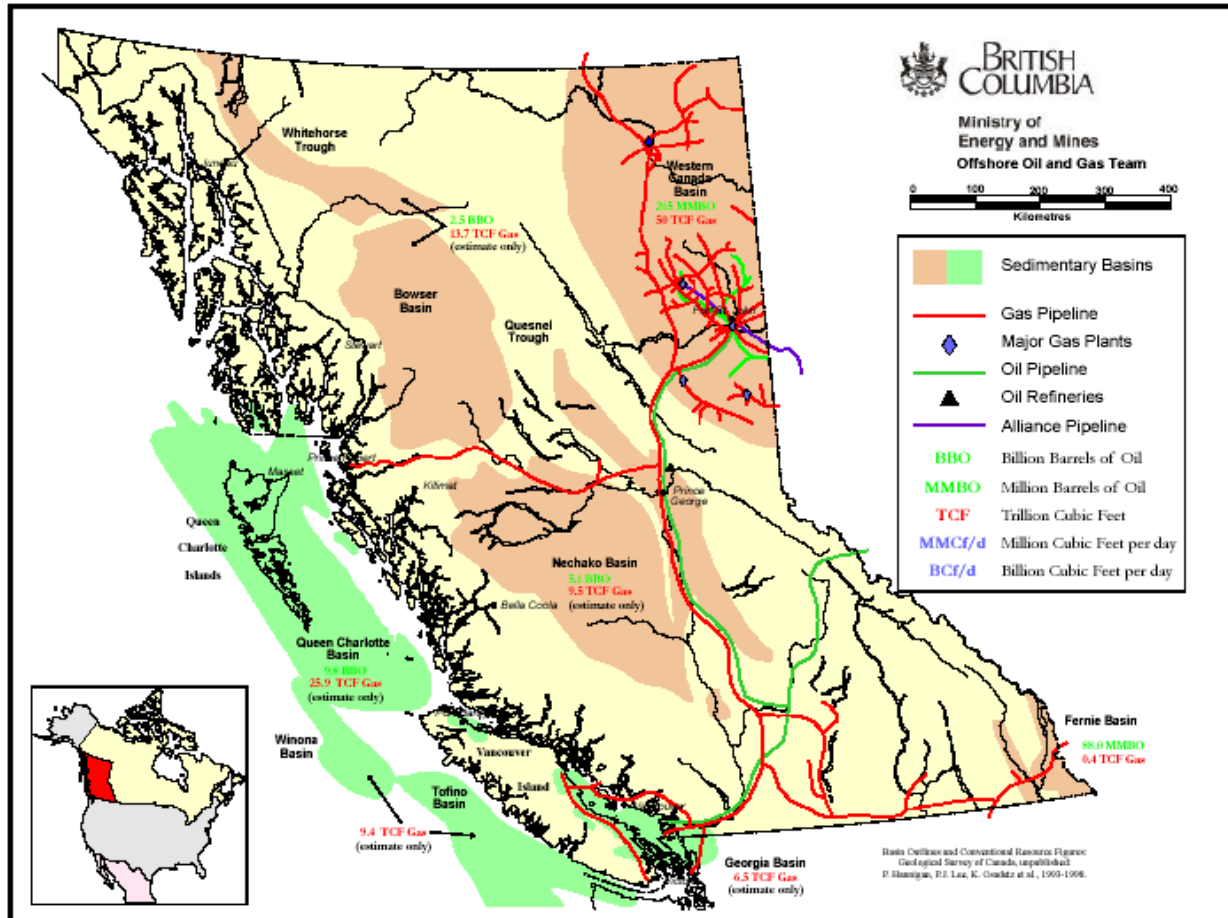
Goal

"Your government will encourage the government of Canada to complete its scientific review and join with B.C. in responding to this truly exceptional offshore oil and gas opportunity with actions that are scientifically sound, environmentally safe and socially responsible."

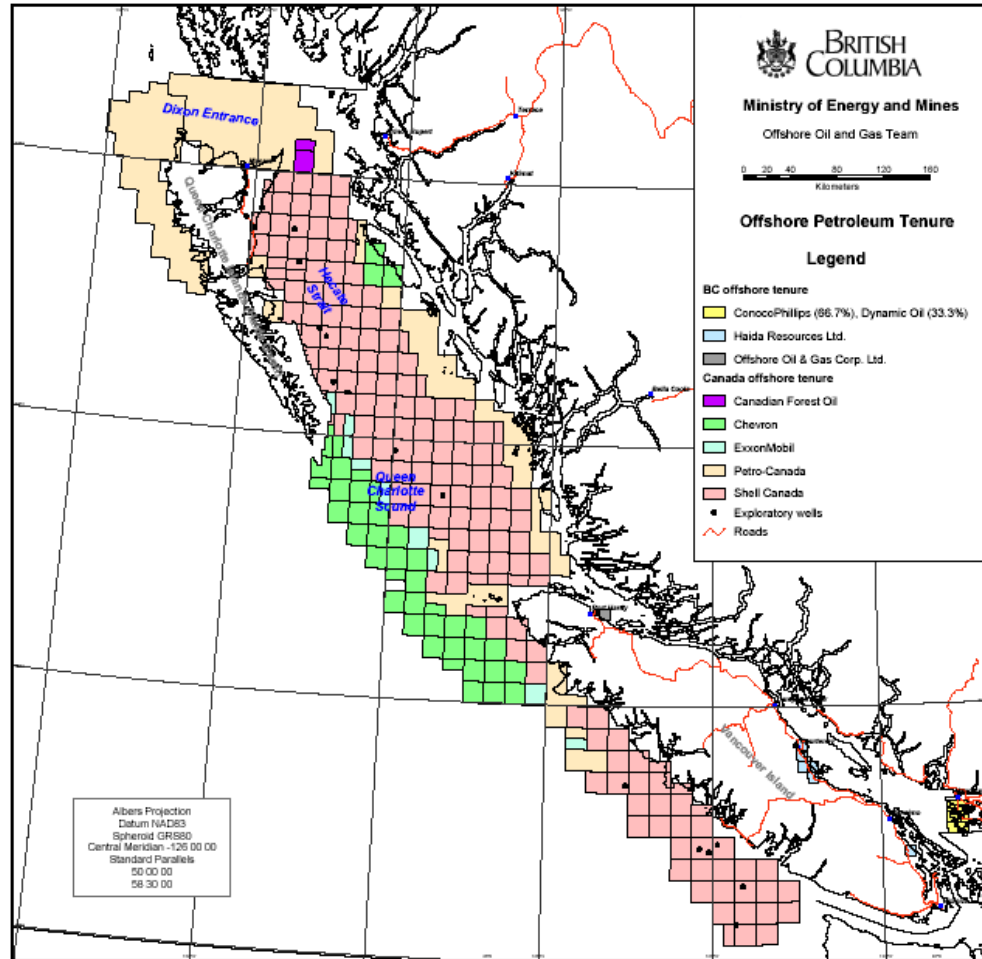
- Speech from the Throne, 2004

BC Basins

Offshore Petroleum Potential in British Columbia



Existing Tenures



Provincial Process

- British Columbia Offshore Oil and Gas Technology Update
 - *"there are no unique fatal flaw issues that would rule out exploration and development activities"*
- Scientific Panel
 - *"no inherent or fundamental inadequacy of science or technology, properly applied in an appropriate regulatory framework, to justify a blanket moratorium on such activities"*
- MLA Offshore Oil and Gas Task Force
- Energy Plan

Team and its Mandate

- Established in January 2003 to enable offshore oil and gas development to occur in British Columbia in a scientifically sound and environmentally responsible manner.
 - Provide the province with the information needed to make sound decisions on developing West Coast offshore oil and gas;
 - Create the regulatory framework under which offshore oil and gas development may occur in British Columbia;
 - Foster industry involvement in responsible resource exploration, development and production.
 - Ensure development provides benefits to First Nations and communities.

Federal Process

Review of Moratorium on Queen Charlotte Basin

- Scientific Review by Royal Society
- Public Review Panel
- Aboriginal Engagement Process

Federal Process: Royal Society Report

- Conclusions:

- *Provided an adequate regulatory regime is put in place, there are no science gaps that need to be filled before lifting the moratoria on oil and gas development.*

- *The present restriction on tanker traffic in transit along the West Coast of North America from entering the coastal zone should be maintained for the time being.*

BC's Presentation to Federal Panel

Case for Advancement

- National, Continental, Global supply and demand
- Heartlands Strategy
- Energy Plan
- Coastal Economic Diversification
- Scientific Reports

Models for Governance

Pacific Accord -1986

– Principles of the Draft Accord

- Jurisdiction and Ownership Set Aside
- Mirror Legislation
- Arms-length Boards Manage on Behalf of Governments
- Provinces Receive Revenues/Royalties as if on Land
- Ministerial Veto Right for Fundamental Decisions
- Principal Beneficiary Concept

Models for Governance

Regulatory Framework

- Principles

- “Without prejudice” to ownership and jurisdiction
- Single fiscal/regulatory regime for all offshore basins
- Scientifically sound and environmentally responsible exploration and development
- Public information to be factual, objective and reliable
- First Nations Role in Decisions and Sharing Benefits

Models for Governance

Regulatory Agency

- Principles:
 - Responsive accountable and objective agency
 - Transparent, predictable and effective rules
 - Performance based, non-prescriptive
 - Single Window – Atlantic Roundtable
 - Advisory bodies?

Models for Governance

Tenure Regime

- Principles:
 - Fair, transparent and predictable transitional arrangements for existing tenures
 - Tenure regime to encourage timely and responsible development

Models for Governance

Environmental Assessment:

- Principles
 - Effective, timely and coordinated assessments of proposed activities
 - Offshore industry must co-exist with other ocean sectors
 - “No-Go” and “conditional go” areas identified early

Models for Governance

Fiscal Regime

- Principles:
 - Revenues to flow as if on land
 - Benefits to local communities
 - Fair revenues from public resources
 - Fair compensation for losses (Fisheries)
 - Encourage private sector investment

First Nations

- The Provincial government must meet its obligations regarding First Nations' rights and interests
- Work with First Nations on community information needs – early steps
- Role in Decision Making
- Share in Benefits

Coastal Communities and Local Benefits

- Offshore oil and gas development must contribute to a strong and vibrant provincial economy and to healthy coastal communities.
 - The Provincial government must consider the views of coastal residents in determining how to develop offshore oil and gas.
 - Development should also support:
 - Co-existence with existing marine based sectors
 - Innovation and development in the marine and leading edge industries

Overview - Offshore Oil & Gas Strategy

Phase I: Develop strategy	Phase II: Establish position	Phase III: Agreement in principle	Phase IV: Seismic commences	Phase V: Final Agreement	Phase VI: Exploration licensing	Phase VII: Exploration drilling underway
Jan – Jun 03	Jul 03- Jun 04	Jul - Sep 04	Oct 04- April 05	07	08	10
<ul style="list-style-type: none"> ❑ Conduct preliminary research of: <ul style="list-style-type: none"> ▪ Fiscal & regulatory models. ▪ Terms of existing tenures. ▪ Public awareness of offshore oil & gas. ❑ Conduct preliminary planning with: <ul style="list-style-type: none"> ▪ First Nations – on development opportunities. ▪ Communities – on benefits & risks. ▪ Tenure holders – on development timelines. ❑ Identify scientific and other information gaps. ❑ Formulate comprehensive communications plan. ❑ Formulate implementation plan. 	<ul style="list-style-type: none"> ❑ Work with Federal Review (Science, Public and First Nations). ❑ Build First Nations and community support. ❑ Identify potential marine protected areas in cooperation with key environmental groups and First Nations. ❑ Establish position for negotiations with tenure holders & Canada. 	<ul style="list-style-type: none"> ❑ Respond to results of Federal Public Review. ❑ Conclude arrangements with First Nations & coastal communities. ❑ Designate marine protected areas. ❑ Finalize agreement-in-principle with Canada & First Nations on fiscal/regulatory regime. 	<ul style="list-style-type: none"> ❑ Conclude negotiations with tenure holders & Canada. ❑ Application for 2-D offshore seismic testing approved. ❑ 2-D Seismic testing concluded. ❑ Application for 3-D Seismic approved. 	<ul style="list-style-type: none"> ❑ Final agreement concluded with Canada & First Nations. ❑ Fiscal/regulatory regime established. ❑ 3-D Seismic testing concluded. ❑ Application for exploration license. ❑ Environmental assessment for exploration activities commenced. 	<ul style="list-style-type: none"> ❑ Environmental assessment for exploration activities concluded. ❑ Exploration license approved. 	<ul style="list-style-type: none"> ❑ Exploratory drilling underway.