



# British Columbia's Offshore Resources: Update and Outlook

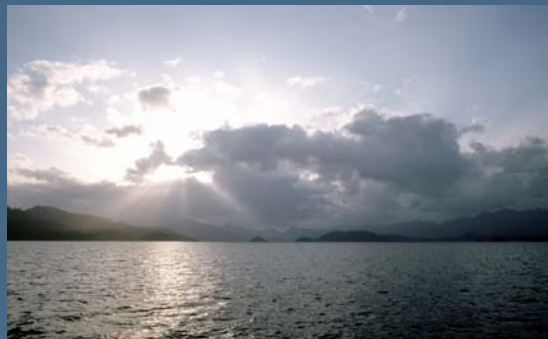
Presented to  
the National Association of  
Corrosion Engineers  
by Patrick O'Rourke  
Assistant Deputy Minister

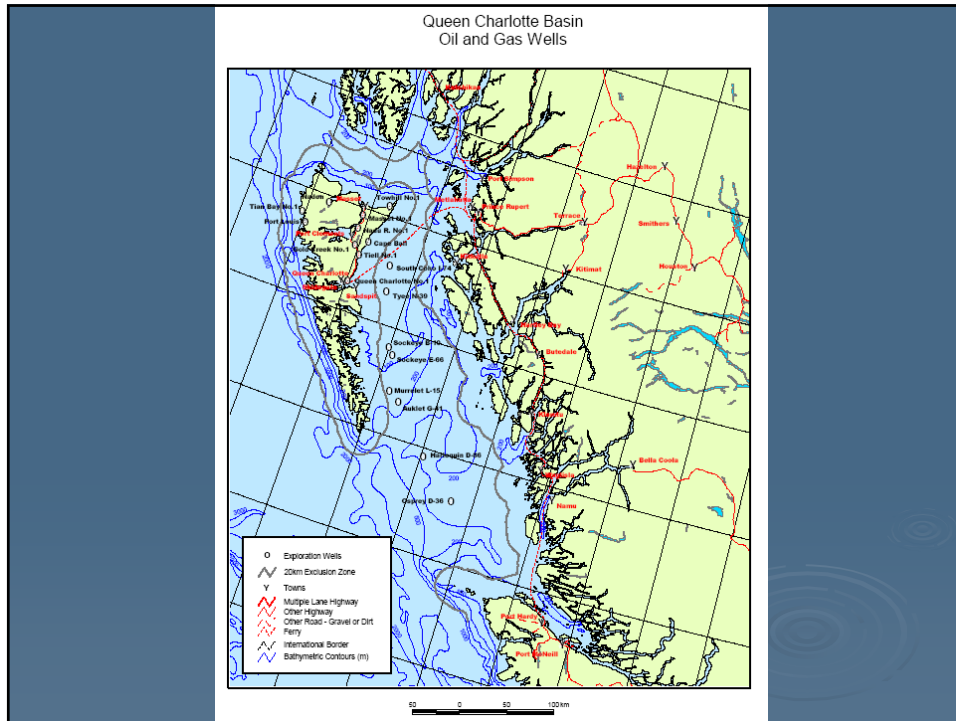
April 12, 2006

BRITISH COLUMBIA  
**OFFSHORE**  
OIL AND GAS

## Outline

- History
- Context
- Recent Events
- Next Steps



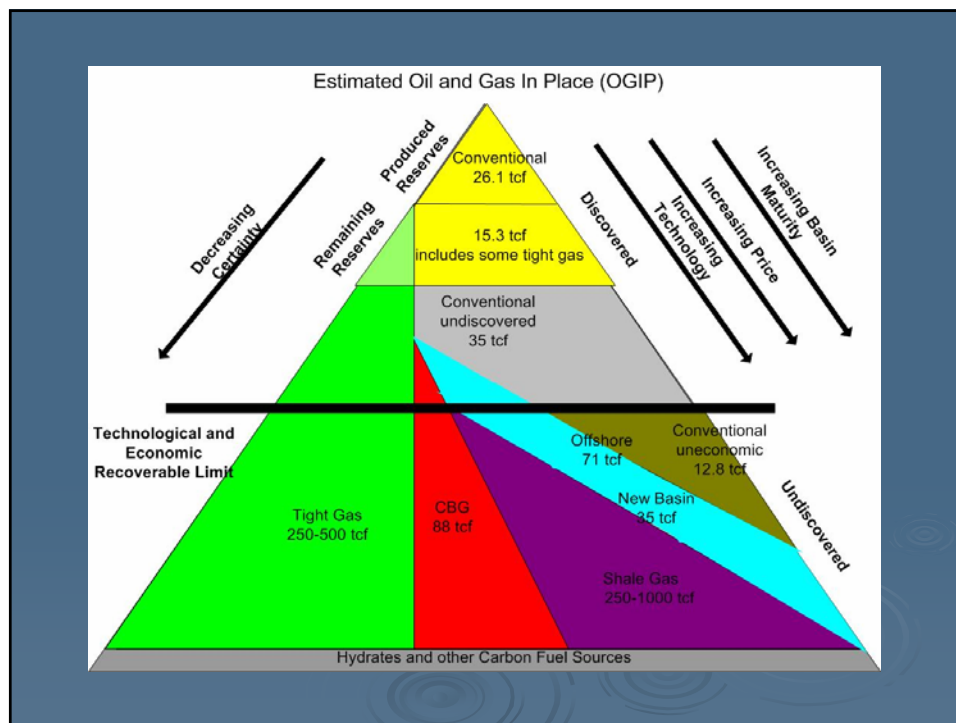


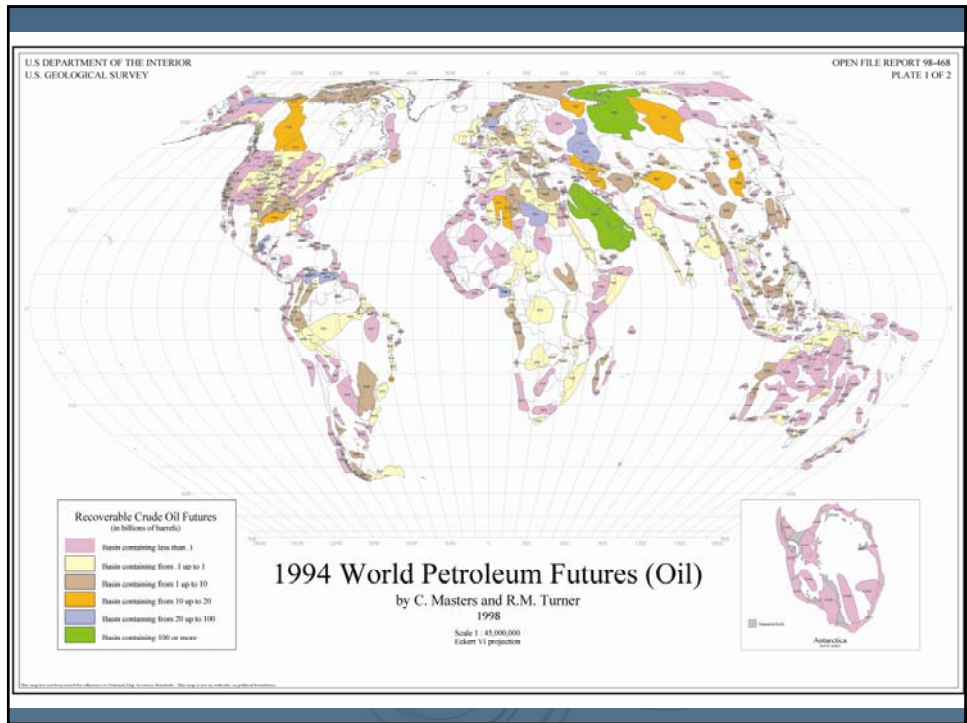
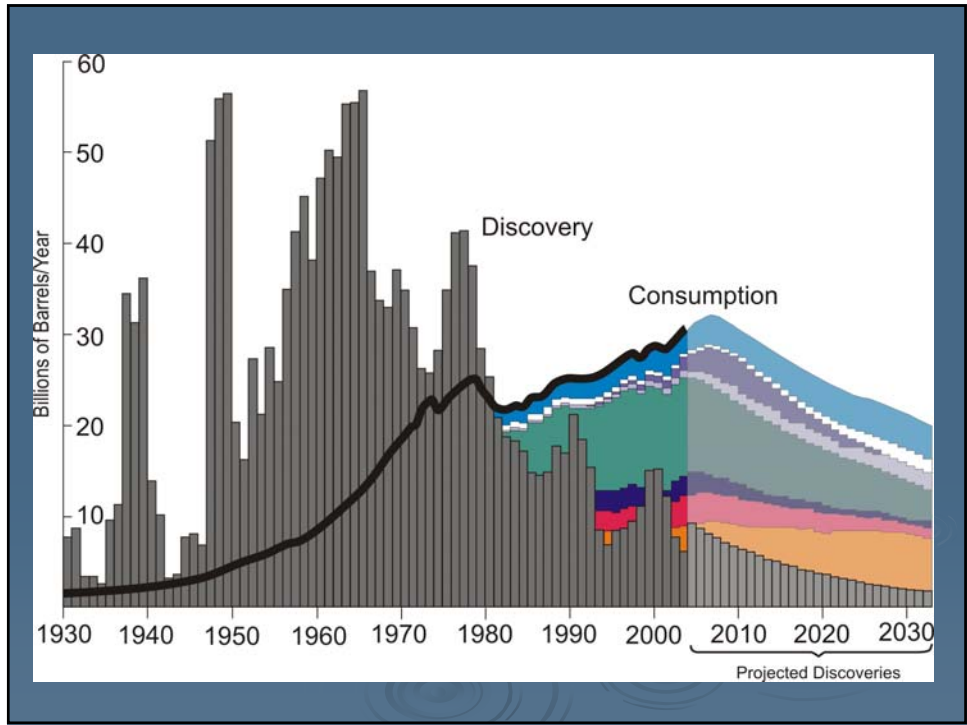
## History

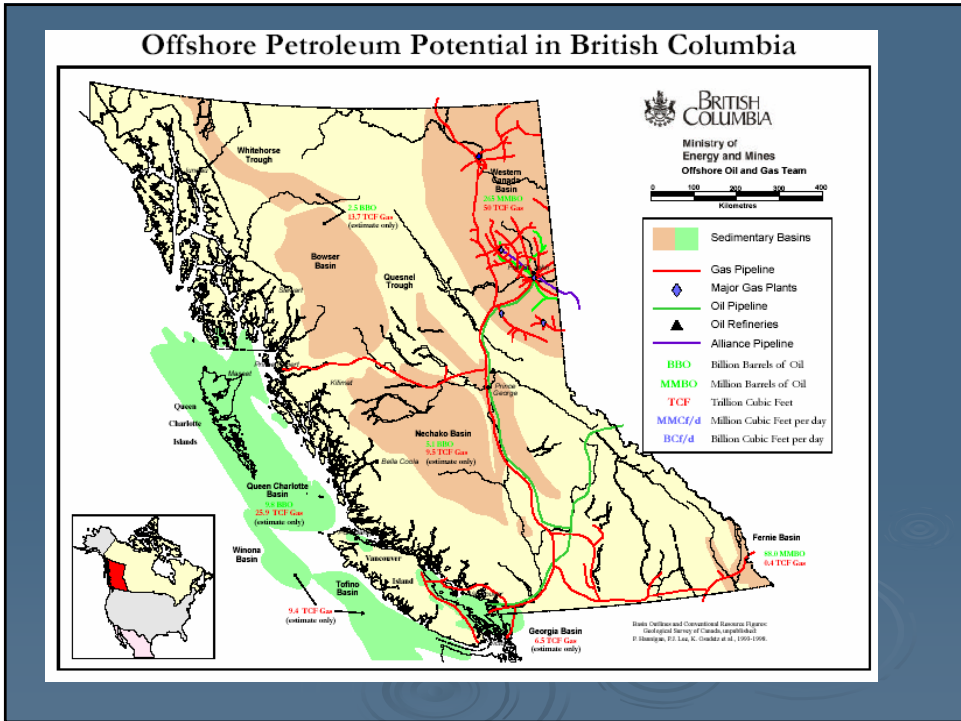
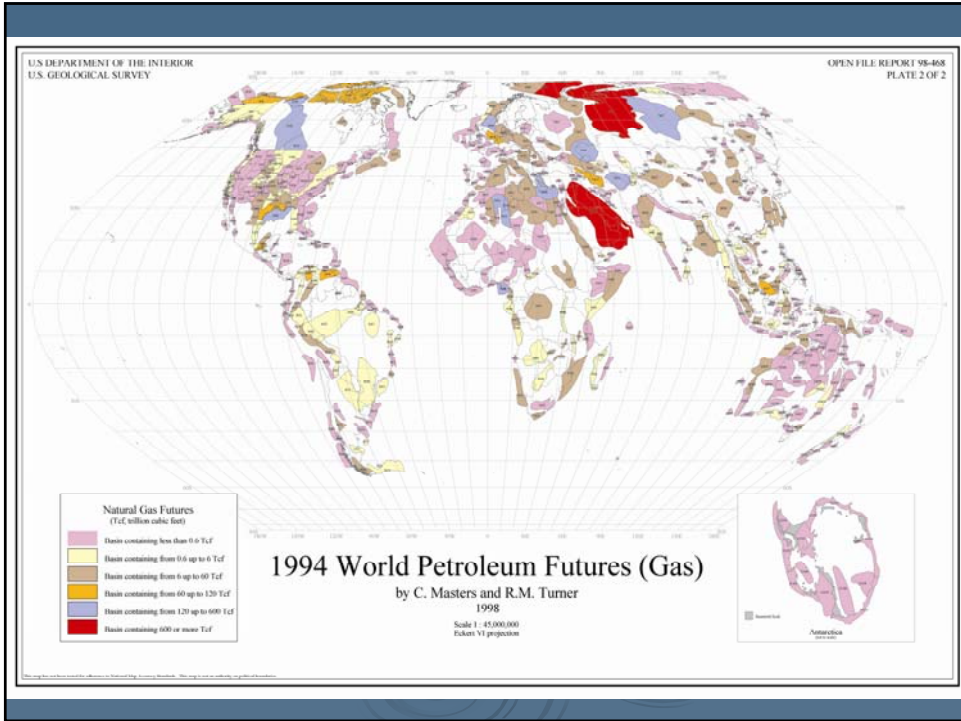
- **1949** – Drilling for oil in the Queen Charlotte region
- **1967-1968** – Shell Canada drills 14 wells in the offshore in the region from Barkley Sound north through Queen Charlotte Sound and Hecate Strait.
- **1970** – Canada declares that no drilling or exploration will occur in the Strait of Georgia. British Columbia suspends work obligations on provincial permits in the same region until the question of ownership of the seabed in Strait has been addressed.
- **1971** – The British Columbia legislature passes a resolution opposing tanker traffic off the west coast.
- **1972** – The Federal Government announces a moratorium on tanker traffic and offshore exploration and development.

# History

- **1984** – Supreme Court of Canada decides Strait of Georgia is owned by British Columbia.
- **1984-1986** – Federal-Provincial Environmental Review Panel assesses potential environmental and socio-economic effects of offshore oil and gas exploration. Final report recommends exploration could proceed subject to 92 specific recommendations.
- **1986-1989** – British Columbia and Canada conduct negotiations on management of offshore oil and gas exploration and development (the Pacific Accord).
- **1989** - British Columbia announces there will be no drilling offshore for at least five years. Canada announces it will not consider any development in the offshore until requested by British Columbia.
- **2001** – Provincial Election.









## Recent Events

- **2001** – Offshore Oil and Gas Technology Update
- **2002** – British Columbia Offshore Hydrocarbon Development: Report of the Scientific Review Panel
- **2004** – Report of the Expert Panel on Science Issues Related to Oil and Gas Activities, Offshore British Columbia
- **2004** – Report of the Public Review Panel on the Government of Canada's Moratorium on Offshore Oil and Gas Activities in the Queen Charlotte Region, British Columbia
- **2004** – Rights, Risks and Respect: A First Nations Perspective on the Lifting of the Federal Moratorium on Offshore Oil & Gas Exploration in the Queen Charlotte Basin of British Columbia

## Federal Review

- In 2003, Canada's three-pronged approach to reviewing the moratorium:
  - Scientific review
  - Public review
  - First Nations engagement






## Scientific Review

- “Provided an adequate regulatory regime is in place, there are no science gaps that need to be filled before lifting the moratorium”

## Public Review and First Nations Engagement

- **Public Review (Priddle Panel)**
  - 4 Options for next steps
- **First Nations Engagement**
  - Concern about environmental impacts, interest in benefits

## One company's assessment

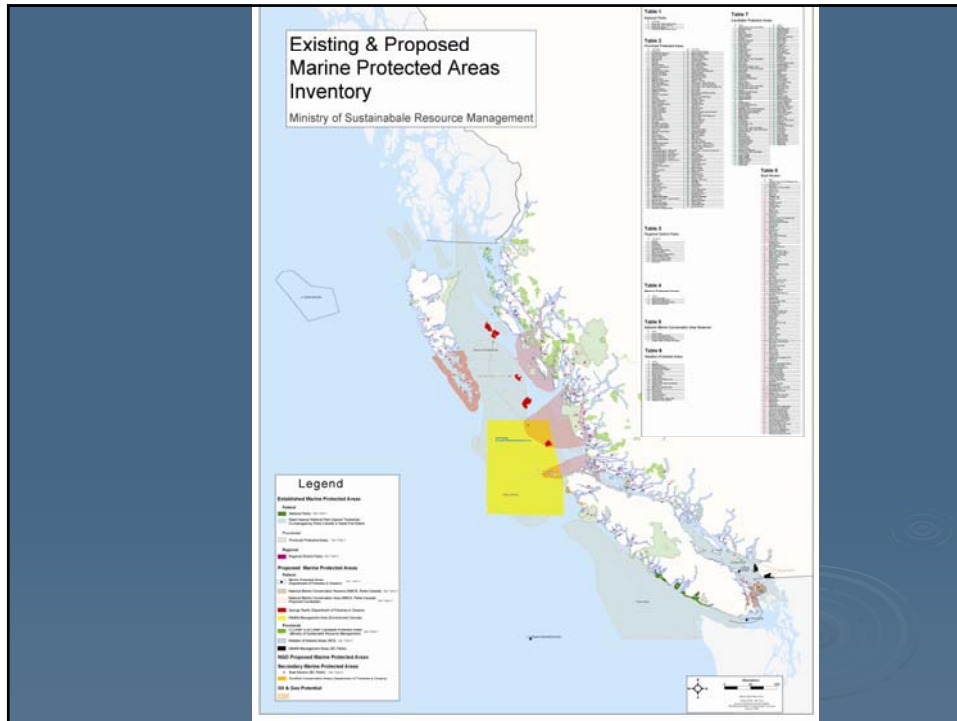
Technical		Prospectively highly uncertain, technology exists, environmental must be addressed (appears doable)
Economic		Costs and economics uncertain
Commercial		Market outlook very favourable
Organizational		Industry capability exists, limited current capacity for West Coast Offshore
Political/societal		Jurisdiction, fiscal, regulatory framework are undefined, meaningful First Nations engagement required...mixed stakeholder messages



## Provincial Approach

- **Work with First Nations, coastal communities and stakeholders**
- **Refine Options for Management, Fiscal and Regulatory Regime**
- **Continue to support research and science related to offshore**





## Next Steps

- Decision by Canada on moratorium
- Negotiation of political arrangement
  - Management rules
  - Regulatory regime
  - fiscal regime
- First Nations interests
- Identification of “Go” and “No Go”
- Renegotiation of tenures

