

New Brunswick Business Journal - Time of uncertainty for N.S. offshore industry

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HALIFAX - Despite a number of recent setbacks, Premier Darrell Dexter says Nova Scotia's offshore industry is not dead - it's simply in a period of transition.



Quentin Casey/For the Telegraph-Journal

Nova Scotia Premier Darrell Dexter insists his province's offshore industry is not dead, despite a number of recent setbacks. "There have been a lot of disappointments over the past year, but through that we've had faith in the leaders of industry to lead us through this very difficult period," Dexter told reporters at an oil and gas conference in Halifax on Wednesday. "It's not the end of the industry."

"There have been a lot of disappointments over the past year, but through that we've had faith in the leaders of industry to lead us through this very difficult period," Dexter told reporters at an oil and gas conference in Halifax on Wednesday.

"This is a time when people are reassessing what they are doing. It's not the end of the industry."

The last few months have not been kind to Nova Scotia's offshore industry - for years a huge source of government revenue.

In early July, ExxonMobil, the lead owner of the \$2-billion Sable natural gas project off Nova Scotia, said it would not proceed with an expansion of the province's only offshore gas-producing development.

The petroleum giant said an analysis revealed it would not be economical to remove gas from smaller gas reservoirs in the area.

And just a couple of weeks later, ExxonMobil Canada said its new president would be setting up shop in Newfoundland and Labrador instead of Nova Scotia.

But the gloom doesn't end there.

On Wednesday, Dexter noted the province's offshore royalties are also down - because of both low natural gas prices and a drop in output. That loss of revenue has put a "big hole" in the province's budget, he said.

"Those revenues in the past have been used as part of the operating budget to support hospitals and schools. We can't do that anymore," said Dexter, who delivered the opening keynote address at the Canadian Offshore Resources Exhibition and Conference. Earlier this year, a report on natural gas production in the province said the resource generated \$1.5 billion in royalties and employed about 3,200 people annually between 1996 and 2008.

That bonanza may be over, but Dexter says the province's offshore industry still has potential and could see more development in the future.

"The question is not if development will take place, it's when will that development take place?" said the NDP premier.

In the meantime, Nova Scotia must push forward with other types of energy development, he said. For example: wind farms, shale gas development and tidal power testing in the Bay of Fundy.

"It's a time of transition and transitions mean uncertainty. It means challenges, but it also means opportunities," Dexter said.

"We just have to accept that we can't put more gas in the wells. Now the question is: how do we manage through this transition?"