

Offshore licences available

N.S. lowers fees, improves data to encourage more exploration

BY JUDY MYRDEN Business Reporter
Halifax Chronicle Herald,

Wed. Dec 12 - 6:15 AM

Nova Scotia's offshore watchdog is looking for companies to explore for oil and gas on two shallow-water parcels near Sable Island.

Diana Dalton, chairwoman of the Canada-Nova Scotia Offshore Petroleum Board, said lower fees and improved geological information should help to attract smaller oil and gas companies to explore in the area, in which there hasn't been much activity in recent years.

"We feel that we have real potential in the offshore of Nova Scotia and we're just trying to show them that," Ms. Dalton told reporters after announcing the board has put the two licences on the block.

Under new rules, energy companies will be allowed to acquire an exploration licence by promising to spend as little as \$500,000 over three years, she says. Also the board will provide any companies interested in submitting a bid on either parcel with better geological data, available online.

She said the board looked at jurisdictions in the U.K. and Norway to find ways to entice the smaller energy companies to come explore off Nova Scotia. "The big question here is the geology," Ms. Dalton said.

"We haven't had very much exploration, and a lot of the area in the offshore we have no information on. So, if we can get people in here exploring on the areas that we already know have potential . . . that also leads to them then to go further afield to more unexplored areas. It has been done worldwide and been successful," she told reporters.

She said that in the past, the board has been very active in interpreting and sharing geological data with companies.

"That's really a role we should have been playing along the way and didn't. We're just going to be out there now," Ms. Dalton said.

The two parcels include the Penobscot oil field, first discovered in 1976, and the Eagle gas field, discovered in 1972 by Shell. Both are within a 30-kilometre radius of the Sable offshore natural gas project. The ExxonMobil-led Sable project has been shipping gas to U.S. and Atlantic Canadian markets since 1999.

"There had been a lot of exploration on (the two parcels); there was a lot of information; there were good reserve estimates there already; it's near pipelines that already go to the market," Ms. Dalton said.

"We just felt they were very attractive and that information we had on them would be of interest to exploration companies."

The board believes there's up to 80 million barrels of recoverable oil on the Penobscot parcel and estimates there is up to 730 billion cubic feet of natural gas in the Eagle gas field, which would make it similar in size to the recently approved Deep Panuke project.

"The potential is good," she says.

The last time the offshore regulatory body made a call for bids was in 2003, with Canadian Superior of Calgary making a work commitment of \$14 million on two offshore licences.

Deadline for bids on the two new parcels is next June 30, and winners will be announced Sept. 15.

(jmyrden@herald.ca)