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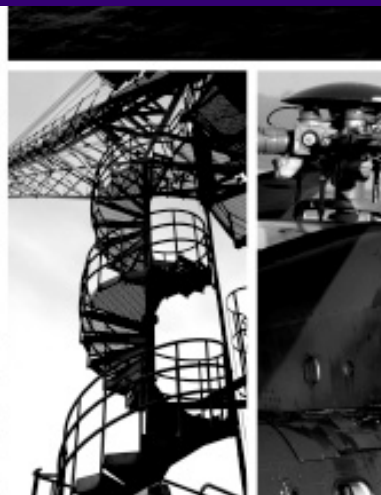
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# Developing a New Offshore Basin – Lessons from Atlantic Canada



Mark Richardson  
*Counsellor (Commercial) and Senior Trade Commissioner*  
High Commission of Canada

Unlocking Global Markets

 @oilandgasuk  
#OGConf16

# Developing a new offshore basin – Lessons from Atlantic Canada

**Mark Richardson**  
Counsellor (Commercial) and Senior Trade Commissioner  
High Commission of Canada  
London, United Kingdom

## Presentation Outline

1. The Canadian Trade Commissioner Service (TCS)
2. Oil & Gas Sector in Canada
3. Atlantic Canada's Offshore Industry
4. Looking ahead

# The Canadian Trade Commissioner Service (TCS)

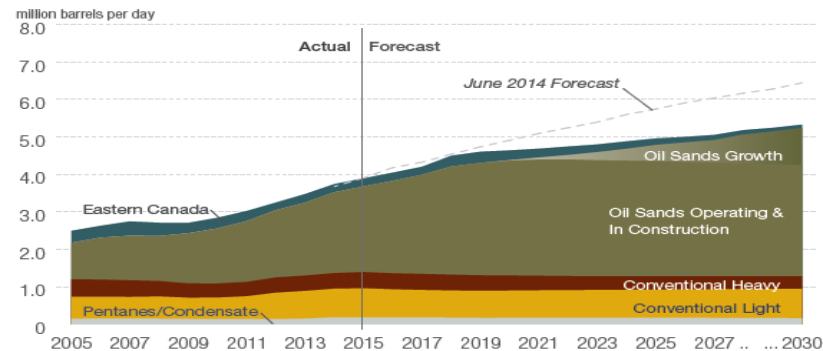
Canada's most comprehensive network of  
international trade professionals

1. Preparation for international markets
2. Market-potential assessment
3. Qualified contacts
4. Problem solving

# Canada's Oil and Gas Sector

- 5<sup>th</sup> largest crude oil producer, 3<sup>rd</sup> largest proven reserves
- 5<sup>th</sup> largest natural gas producer and 4<sup>th</sup> largest exporter
- In 2014, Eastern Canada accounted for about 6 per cent, or 220,000 b/d of total Canadian crude oil production

Canadian Oil Sands & Conventional Production - Operating & In Construction + Growth



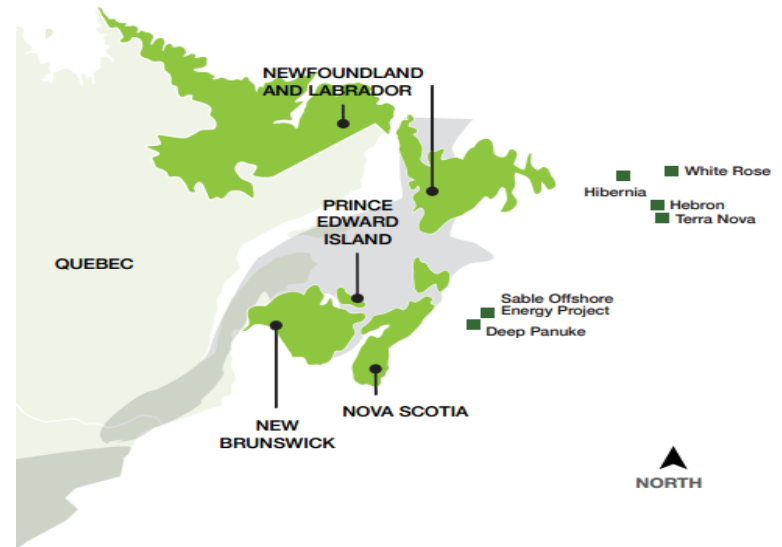
Canadian Crude Oil Production

million b/d	2014	2015	2020	2025	2030
Total* Canada	3.74	3.89	4.64	4.96	5.33
Eastern Canada	0.22	0.22	0.26	0.17	0.09
Western Canada					
Conventional (including condensate)	1.37	1.39	1.30	1.28	1.28
Oil Sands					
Oil Sands Operating & In Construction	2.16	2.29	3.07	3.08	2.97
+ Oil Sands Additional Growth	-	-	+0.01	+0.43	+0.98
Oil Sands Operating & In Construction with Growth	2.16	2.29	3.08	3.51	3.95
Western Canada	3.52	3.68	4.38	4.78	5.23

\*Totals may not add up due to rounding.

## Offshore Atlantic Canada

- First offshore well was drilled in 1943, off the coast of Prince Edward Island
- Current production and exploration activity is concentrated in the oceans around Nova Scotia and Newfoundland and Labrador
- Significant quantities of both crude oil and natural gas have been discovered beneath the ocean floor



# Nova Scotia – Losing Momentum and Building a Brand

## Producing Projects in Nova Scotia

### Deep Panuke :

discovered in 1998 and  
production started in 2013

### Sable Offshore Energy Project:

discovered in 1972 and  
production started in 1999

- In 2006, Nova Scotia noticed that it was losing exploration investment and that royalty revenue was peaking
- In 2007, the province commissioned two studies to better understand how to turnaround exploration interest
- Increased focus on geological risk

# Nova Scotia – Losing Momentum and Building a Brand

- Play Fairway Analysis (PFA)
  - Better understanding the geology
  - De-risking the geology
- The PFA Period (2008-2011)
  - Making the data available to the public
  - Engaging with the industry
  - Marketing the province
  - Building a brand
- Post PFA (2012-present)
  - Shell
  - BP



# Newfoundland and Labrador – A Steep Decline & Supporting a Renaissance

## Producing Projects in Newfoundland and Labrador

### Hibernia:

discovered in 1979 and  
production started in 1997

### Terra Nova:

discovered in 1984 and  
production started in 2002

### White Rose:

discovered in 1984 and  
production started in 2005

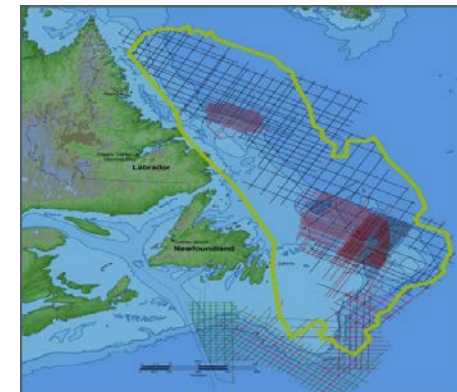
- The three projects are closer to the end of their lives than the beginning
- Decline in production & royalty payments
- Hebron project
  - scheduled to come online in 2017

# Newfoundland and Labrador – A Steep Decline & Supporting a Renaissance

- In December 2013, NL introduced a new scheduled land tenure system based on global best practices
- Changes to the Coastal Trading Act
- New seismic data available

## Producing Results

- In 2014 ExxonMobil and co-venturers Suncor Energy and ConocoPhillips Canada submitted a record work commitment bid (\$559 million)
- In 2015 a total of \$1.2 billion in new work commitment bids were accepted for land available for licencing



## Lessons Learned

- De-risking the geology
- Engaging with stakeholders
- Marketing – ‘Building a Brand’
- Persistence

## Looking Ahead

- Both Nova Scotia and Newfoundland & Labrador are continuing to invest in geoscience
- How best to adapt to a low price environment – should we be doing more?

For more information:

Marcin Zydowicz  
Trade Commissioner for Energy

[marcin.zydowicz@international.gc.ca](mailto:marcin.zydowicz@international.gc.ca)

[www.london.gc.ca](http://www.london.gc.ca)