

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 381-18(3): OFFSHORE PETROLEUM RESOURCE DEVELOPMENT

October 15, 2018

MR. O'REILLY: Merci, Monsieur le President. My questions are for the Premier in his role as Minister for Intergovernmental Affairs.

During my statement earlier today, I questioned the likelihood and safety of offshore petroleum development and production. Does the Premier have any confirmation that such offshore development is going to take place in the next few years, and if so, can he table it in the house? Mahsi, Mr. Speaker.

MR. SPEAKER: Masi. The Honourable Premier.

HON. BOB MCLEOD: Thank you, Mr. Speaker. There is industry interest in the oil and gas resources in the Beaufort Sea. There was evidence of that when industry successfully bid \$2.3 billion worth of work, and also, we know that there are recoverable estimates of 7 billion barrels of oil and 82 billion cubic feet of natural gas in the offshore.

However, at the present time, with the current moratorium, all activity and interest is on hold until there is certainty. If and when the moratorium is lifted, companies will make decisions on whether or not and when to conduct future exploration and development. Thank you, Mr. Speaker.

MR. O'REILLY: Thanks to the Premier for that. Of course, there hasn't been any drilling since 2006, but a lot of resources will need to go into negotiation of this multi-party offshore petroleum resource co-management and revenue sharing agreement. Can the Premier describe how our government is preparing for such negotiations and what the costs will be?

HON. BOB MCLEOD: In 2014 the Government of the Northwest Territories met with Canada, IRC, and the Yukon to look at initial discussions around interests to inform Canada's mandate development process. We also had some preliminary discussions with Newfoundland and Labrador to start a process of information-sharing around their experience in the offshore. However, with the announcement of the moratorium, we haven't done any further work. We will be seeking a contract negotiator with expertise in oil and gas. Committee has requested a briefing to provide input before the Government of the Northwest Territories finalizes its negotiating approach, and I would be pleased to provide a briefing to committee.

MR. O'REILLY: I would like to thank the Premier for that. It sounds like we really haven't done much work on this over the last while. I certainly don't have any objection in principle to the negotiation of such an agreement and revenue sharing, but of course, it doesn't seem like there is going to be much development in the foreseeable future.

Can the Premier tell us what the role is going to be for Regular MLAs in developing the negotiation mandate and how he intends to keep us informed?

HON. BOB MCLEOD: As I indicated, we will be asking for a time slot to brief committee, and committee will be involved, like they are in all of the other process of this government.

MR. SPEAKER: Masi. Oral questions. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I look forward to that briefing, of course.

I was very pleased to see that the Premier has agreed to a science-based life cycle impact assessment review of the Arctic offshore rights issuance moratorium every five years that will take into account marine and climate change science. This raises the question around why Cabinet has refused to carry out a similar review of onshore hydraulic fracturing. Can the Premier explain this inconsistency and when the public can expect a public review of onshore hydraulic fracturing? Mahsi, Mr. Speaker.

HON. BOB MCLEOD: There is no onshore hydraulic fracturing going on, so there is nothing to review.

The science-based review of offshore development was a federal decision that accompanied their decision to put a moratorium on all gas licensing in the Arctic. We made it very clear that we didn't support a moratorium, and we agreed to participate in the review because we felt that would be one of the ways to work to get rid of the moratorium. We are very pleased to see that the federal government has agreed to start negotiations on devolution on the offshore.

Also, on the offshore, we have a strong legislative and regulatory framework to oversee oil and gas development, and they are subject to the Mackenzie Valley Resource Management Act and the Mackenzie Valley EIRB. Thank you, Mr. Speaker.