

ORAL QUESTION—KEVIN O'REILLY, MLA FRAME LAKE

QUESTION 703-19(2): SIGNIFICANT DISCOVERY LICENSE FOR HUSKY OIL

March 31, 2021

MR. O'REILLY: Merci, Monsieur le President. I have some questions for the Minister of Industry, Tourism and Investment on significant discovery licence for Husky Oil. There was supposed to be a notice issued under Section 18 of the Petroleum Resources Act when the Minister issues a new significant discovery licence. I can't see such a notice for this licence that might have replaced exploration licence EL494. It is also supposed to be published in the Gazette. I looked at the most recent for March; it's not there either, but there seems to be kind of a placeholder document on the ITI website that indicates that significant discovery licence 153 may have been issued on March 16th. Can the Minister confirm whether significant discovery licence 153 was issued to Husky Oil on March 16th? Mahsi, Mr. Speaker.

MR. SPEAKER: Thank you, Member for Frame Lake. Minister of Industry, Tourism and Investment.

HON. CAROLINE WAWZONEK: Thank you, Mr. Speaker. Significant discovery licence 153 does cover a portion of the former EL494, which is for Husky Oil Operations, and that was issued on March 16th. Thank you, Mr. Speaker.

MR. O'REILLY: I want to thank the Minister for that. It came about a week after I first raised the issue in the House. Can the Minister tell me whether there are any terms and conditions in that significant discovery licence, because it is not posted to the website, that require any work to be undertaken as part of that significant discovery licence or any rental fees?

HON. CAROLINE WAWZONEK: Again, when the request is made, there is no discretion on the Minister to issue the licence. I did, in fact, what was required, which was to shall-issue the licence. That was what was done. As far as the rental fee structure, as previously noted, again, in this instance, the advice was received in the context of, again, a situation where I have no discretion to issue the licence. With respect to a rental fee structure, there was none in the original call for bids or exploration licence documents. As such, the advice I have received and that I have relied on is that we will not be putting any one particular new rental fee structure in on this particular licence.

MR. O'REILLY: I want to thank the Minister for clarifying that. There are no rental fees required in this new significant discovery licence. She referenced how she couldn't do it back on March 9th, and I want to quote from Hansard: "There is not a fair opportunity at this stage to be imposing items that weren't there previously." Saying that, gee, we didn't ask for it or it wasn't asked for during the call for bids, so we couldn't include it now, well, Mr. Speaker, I actually went and did some digging. I found the call for bids, and I want to quote from this. I'm going to table the document, and I did provide it to the Minister ahead of time. There is one quote from the call for bids for this area, and it says

as follows: "Rentals may be payable on lands included in a significant discovery licence."

There, we have it, Mr. Speaker. The call for bids that went out included this clause that said, "You might have to pay some rental fees." The Minister had an opportunity to carry this through from the exploration licence into the significant discovery licence, and she didn't do it. Why didn't the Minister include this rental fee in the significant discovery licence that was just issued?

HON. CAROLINE WAWZONEK: Again, the issuance of the licence is non-discretionary, so there was no discretion to issue the licence. With respect to adding terms or conditions, under the new act, there are some provisions where there may be some additional conditions required, with the agreement of the proponent, and that was not an approach that was decided to be used in this case. Again, this is a situation that will not be occurring in the future. This is one of the last, if not the last, occasions where a proponent that existed under the previous regime is being brought into the new regime. I sought the expert opinion of the department, which included them seeking legal opinions from the Department of Justice, so in part, what I think I'm hearing is that I should go back and get a second opinion or a third opinion or a different legal opinion. At this point, the opinions that we've received in this context, again, unique at this stage and unlikely to be repeated, were to proceed as we have, and that is what we've done.

MR. SPEAKER: Thank you, Minister. Final supplementary. Member for Frame Lake.

MR. O'REILLY: Merci, Monsieur le President. I want to thank the Minister for that. The difficulty is our government now is going to lose \$21 million in potential revenue because the Minister would not carry forward the rental fee from the exploration licence into the significant discovery licence. That's \$21 million that we could have collected on this that we just gave away. The Minister talks about how she got some kind of legal opinions that told her she couldn't do it, so I'd like to ask whether the Minister can share that legal opinion, even if it has to be shared on a confidential basis, with this side of the House. Mahsi, Mr. Speaker.

HON. CAROLINE WAWZONEK: I am not going to be in any position to share a confidential legal opinion. Typically, sharing one's legal opinion waives legal privilege over it, no matter what efforts one might make to say that it's confidential or otherwise. My understanding is that that is a fairly common position to take, and that's the position we'll be taking. Thank you, Mr. Speaker.

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