

Submission to the Fracking Review Panel

From Inn at the Cape

P. and J. Fenwick

One of the concerns of an oil industry relying on hydraulic fracturing is its impact on the tourism industry. As an Inn dependent on tourists for much of our business, and located within a few kilometres of the only land based production oil well in the province, our experience might be of some help to the panel. Our experience is that the oil industry is a valuable off season support for the businesses that depend on tourists in the short summer season. Without an active oil industry the infrastructure that supports tourism would be lacking.

Inn at the Cape is located on the tip of the Port au Port Peninsula in the town of Cape St. George. It is a nine room inn with a five room overflow house that has been in operation since June of 2002. Owned by Peter and Jennifer Fenwick, it employs up to six people on a seasonal basis and has over a half million dollars invested in it. Originally it was named Cape St. George Bed and Breakfast and with the expansion to 14 rooms in 2004 it was renamed Inn at the Cape.

The busiest time of year for tourists is the four months between June and September when it accommodates up to 1000 visitors, be they pure tourists, home visitors, or people on the peninsula to study or work. The Inn stays open year round and offseason business is often various workers at the oil well, the Atlantic Minerals quarry, the Francophone school board and people involved in other work related activities.

Port au Port #1 oil well is located approximately two kilometres due north of the Inn on Garden Hill and has been operated at various levels of activity for the last 20 years. It is currently owned by Enegi, a British based junior oil company. Until last fall it had a farm in agreement with Black Spruce Exploration. Port au Port #1 is a conventional oil well and has not had to use hydraulic fracturing to release oil from the limestone layers in which the oil has been found. The oil deposit is some 11,000 feet below the surface in the many limestone and dolostone layers that were laid down when the peninsula was the floor of the Iapetus Ocean over 450 million years ago.

In the twenty years the oil well has been in production the only disruptive effects were when it was flaring off the gas that is mixed with the oil that comes from the well. When that happens on a cloudy night one sees a red glow on the underside of the clouds. Drilling with the traditional derrick rigs has happened several times over the last two decades. Generally it takes from two to six months to drill a well down two miles. When the wind is right some noise can be heard from the rig, but for most of the last two decades one forgets the oil well is there. If the well were to be fracked that would only mean heavy traffic and some noise for the week or so fracking requires.

Our guests come from all over the world, and when they visit us they often pass the oil well on their way to the Inn. Many guests do not realize that they have passed an operating oil well when they arrive. The oil well is located on about three acres of fenced property and other than a few tanks and a "Christmas Tree" there is little to mark it as a producing oil well. They are much more likely to note the huge limestone/dolostone quarry that is on the other access road to the inn which has huge mounds of stone in piles around it.

Much of our business is repeat customers who return year after year. When they ask about the oil well we show them samples of the oil and discuss the nature of the oil, when it was laid down, and the problems faced by a company extracting oil that is very light and is in a deposit that appears to be alongside a larger deposit that oil drilling has yet to find.

Accommodations that cater to tourists have a difficult time in the short season in Newfoundland. As Ann Bell a B&B pioneer says "You have to make your money in 100 days, because that is all the tourist season you have." It is why almost half the B&B rooms in the province close down in late September not to reopen until next spring.

As an all year B&B we find little or no tourist business between Thanksgiving and next June, and if it were not for commercial business, we might have closed years ago. In the last four years our commercial business has accounted for up to 40 per cent of our trade, with the oil well being the major contributor from 2011 to 2013.

Last year, however, with the imposition of the fracking moratorium that business all but dried up. With no business from the oil company our revenue dropped 35%. And while the Cape St. George oil well has never been fracked, there were plans for Black Spruce Exploration to drill up to three wells at Garden Hill. Those plans were cancelled when the moratorium was extended and oil exploration could only go ahead at a few sites that did not need hydraulic fracturing. It is our belief that Black Spruce found the prospects at only one or two wells not worth bringing their drilling equipment to Newfoundland. Black Spruce had planned to use their oil drilling rig along the west coast where they would only be able to extract oil from the shale beds by fracking.

The tourism industry is highly seasonal, and if the accommodations needed for tourists are not there they will not be able to visit. If there is a healthy oil exploration industry in place it provides the income that keeps accommodations for tourist available.

Fracking does not drive away tourists, it supports the accommodations, restaurants, gas stations, rental car agencies and airlines that are essential to a growing tourism industry. The stronger the oil exploration industry, the stronger the tourism industry.

Yours truly

P. Fenwick