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Fracking debate flares as industry struggles

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West coast oil facing plenty of hurdles in 2015

The debate around fracking in Newfoundland and Labrador flared up Monday on the heels of a celebrity-packed plea for an anti-fracking buffer zone around Gros Morne National Park, and a separate call for a provincewide ban on hydraulic fracturing from a group of provincial residents.



A map of the licence areas offshore western Newfoundland, from spring 2013. The picture is quite different today, with no bids on four exploration licences put up for grabs and companies losing the right to explore previously active areas, including the area adjacent to Gros Morne National Park. A moratorium for fracking onshore and increased regulatory costs for drilling offshore stand as hurdles to rapid oil industry advancement in the region.

— Submitted image/Image courtesy of the Canada-Newfoundland and Labrador Offshore Petroleum Board

A moratorium stands on the use of fracking for oil and gas operations in onshore Newfoundland and Labrador.

A government-appointed panel is launching a formal review of the practice, even as calls roll out for more immediate and permanent actions.

"We were pleased to hear that this threat has been temporarily reduced, with the declaration of a moratorium on fracking in Newfoundland and Labrador, and the petroleum exploration licence off Gros Morne not being renewed. However, these temporary measures will not prevent similar harmful industrial proposals in the future," reads a Jan. 5 letter calling for a protected area around the national park, sent to the premier, prime minister and UNESCO World Heritage Committee.

More than 30 famous names were attached to the letter, including - but not limited to - astronaut Roberta Bondar, musician Tim Baker of Hey Rosetta! and writers Joseph Boyden, Lisa Moore and Michael Crummey. The celebrity group specifically targets the area around the park.

A subsequent call came for an immediate, provincewide ban from the Coalition for Alternatives to Pesticides in Newfoundland and Labrador (CAP-NL).

Formerly concerned only with pesticides, the group's interests have grown to include toxic chemicals in the environment, including chemicals used in fracking, according to spokesman Frank Smith.

A retired professor of chemistry, Smith said members of the group come from all walks of life and believe the work of the review panel has a lack of public-health expertise and a pre-determined outcome.

"We feel - and we've said - that the minister has already made up his mind and he wants to go ahead and he just wants a rubber stamp for these people, to say yes they should (frack)," he said.

From New Brunswick to Quebec to New York State, fracking has run into strong opposition, resulting in reviews and no-go decisions.

Provincial Minister of Natural Resources Derrick Dalley has rejected, more than once, any suggestion of his mind being made up on the subject, or others in government. He also defends the abilities of the chosen review panel.

"The fields of environment, engineering and geology, economics and public health are well represented by (review) panel members who have a broad range of expertise," stated a department spokeswoman, reiterating the point in response to questions Monday afternoon. "These individuals are leaders in academic research - they will engage other experts as they see fit to ensure all aspects of this science-based project are explored, and they will ask for feedback from residents. We encourage the people of the province to submit their points of view to the panel to ensure their voices are heard."

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She added the review panel will be able to consider the idea of a buffer zone or otherwise banning fracking in specific parts of the province.

The review panel consists of: Ray Gosine, the former dean of the Memorial University of Newfoundland (MUN) department of engineering; Graham Gagnon, a professor at Dalhousie University and expert in water management; Maurice Dusseault, a professor in the department of earth and environmental sciences at the University of Waterloo; Wade Locke, a professor of economics at Memorial University; and Kevin Keough, a former head of biochemistry at Memorial University and head of Kevin Keough Consulting.

The panel, named Oct. 10, 2014, has a year to file its report.

A lot can happen in a year or two, as companies active in western Newfoundland's oil and gas industry can attest.

In early 2013, the industry was still buzzing over the potential in shale oil and promotion by junior companies of onshore-to-offshore oil plays.

But early exploration activity has slowed, even for companies looking to drill for oil without the use of fracking. The regulatory uncertainty has discouraged investment, as have oil prices, while the government has raised the amount companies must have in the bank in order to drill offshore or onshore-to-offshore projects.

Junior company Shoal Point Energy reported working capital as of the end of October of a little over \$320,000, down from \$1.3 million a year earlier.

There has been no interest in new exploration areas, while existing exploration licences have disappeared with a lack of activity, including 1097R - the former licence covering the area off Gros Morne.

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