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Fracking moratoria could cause "domino effect" in North America, including NL

By: Justin Brake and Daniel Miller | December 20, 2014

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Three major decisions this week to ban fracking in New York, New Brunswick and Quebec indicate what some say could be the beginning of the end for fracking in Canada and the United States



Sunday in Stepehnville for a group anti-fracking Christmas photo. The event was organized by the Port au Port/Bay St. George Fracking Awareness Group. Facebook photo by Sebastian St. Croix.

When this week began 28,000,000 fewer people in North America had protection from the risks of fracking.

In what some are calling the possible tipping point to a domino effect, Quebec, New York and New Brunswick all banned the controversial method of fossil fuel extraction, citing the lack of conclusive research that fracking can be done safely and expressing concerns about public health, water contamination, greenhouse gas emissions and the oil and gas industry's lack of a social license to frack.

On Monday Quebec's bureau des audiences publique sur l'environnement—the province's environmental assessment agency—released its long-awaited report on hydraulic fracturing. On Tuesday, Quebec Premier Philippe Couillard extended the province's 2012 moratorium on fracking indefinitely, citing the report's conclusion that the risks to public health and the environment—particularly with respect to the contamination of surface and groundwater—outweigh any potential economic benefits

"I don't think that there is much interest in developing this resource, uniquely on the economic side," Couillard said in an interview Tuesday with Radio-Canada. "And in any case, the social acceptability [for fracking] is not there.

On Wednesday, in what's being heralded as a major victory for the American anti-fracking movement, New York Governor Andrew Cuomo banned fracking in his state, citing the findings of a newly released two-year study on fracking by the state's health department.

The 184-page report details significant risks with fracking, specifically around respiratory health, drinking water, seismic activity, climate change, soil contamination, noise and odour pollution, as well as complaints of negative health effects from people who live near fracking operations in other states.

While tapping into New York's portion of the Marcellus shale would offer reprieve for those living in the state's rural communities near the Pennsylvania border, Cuomo said exposing people's health and the environment to the risks of fracking is not worth the economic payoff the industry could generate.

"I've never had anyone say to me, 'I believe fracking is great.' Not a single person in those communities," he said at a press conference in Albany Wednesday. "What I get is, 'I have no alternative but fracking."

Dr. Howard A. Zucker, New York's state health commissioner who helped spearhead the study, said after reviewing the evidence and considering the unknowns, for him the decision boiled down to a personal question. "I asked myself, 'Would I let my family live in a community with fracking?' The answer is no.

"We cannot afford to make a mistake," he said. "The potential risks are too great. In fact, they are not even fully known."

Among the study's most startling findings were a link between increased congenital heart and neural tube defects in newborn babies and the proximity of their mothers to fracking well development, a 15 to 65 per cent increase in road accidents in counties with high fracking activity due to increased truck transport, and radioactive waste found in the soil. The report also cites numerous studies that show how fracking can lead to methane and radioactive contamination of water.



New York became the first U.S. state with major shale gas reserves to ban fracking, a decision Cornell University professor and president of Physicians, Scientists and Engineers for Healthy Energy Anthony Ingraffea, in an interview with Democracy Now on

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community with fracking?' The answer is no. – Dr. Howard A. Zucker, New York State Health Commissioner

Friday, called "the wellspring" of a nation-wide movement to ban fracking in other states.

"This is where it all begins for those other states to say, 'Yeah, it looks like it's going to happen in places like Illinois, North Carolina and Maryland, but it hasn't happened yet, and we can still stop it," he said. "And in places like Colorado and Texas and Oklahoma and Arkansas, where the deleterious effects that...we've already discussed here, are now becoming more and more apparent every day, the citizens are being involved. They are getting motivated. And what we did in New York state is going to be a tremendous impetus for them."

According to an October 2013 report from the Environment America Research and Policy Centre, 82,000 wells have been fracked in at least 17 states in the U.S. since 2005, 250 billion gallons of water have been used, and 280 billion gallons of toxic wastewater were produced in 2012 alone.

Closer to home, on Thursday New Brunswick Premier Brian Gallant announced a strong moratorium on fracking in his province, using the <u>precautionary principle</u> in saying the technology could only be used if five conditions were met first, CBC reported:

- A "social licence" be established through consultations to lift the moratorium;
- Clear and credible information on the impacts on air, health and water so a regulatory regime can be developed;
- A plan to mitigate impacts on public infrastructure and address issues such as waste water disposal is established;
- A process is in place to fulfill the province's obligation to consult with First Nations;
- A "proper royalty structure" is established to ensure benefits are maximized for New Brunswickers.

New Brunswick's moratorium follows Nova Scotia's decision earlier this fall to legislate a moratorium on the practice until a stronger case can be made for fracking, it can be openly debated in the provincial legislature and the province can develop appropriate regulations.

In <u>Canada</u>, fracking is being used in BC, Alberta, Saskatchewan and Manitoba, with exploratory drilling underway in the North West Territories. There are no immediate plans for fracking in Ontario and P.E.I., but surveying is taking place near the Great Lakes. In addition to Nova Scotia, New Brunswick and Newfoundland and Labrador, the Yukon has also banned fracking, and a government committee is expected <u>any day now</u> to recommend whether to continue the moratorium.

Three moratoria in one week: coincidence or trend?

Newfoundland and Labrador Fracking Awareness Network (NL-FAN) spokesperson Simon Jansen said this week's events are significant for this province as it considers fracking.

"It will most certainly be much harder for any panel to justify moving forward with fracking in light of the developments in Quebec, New Brunswick and New York," he said. "To dismiss them would be [the] equivalent of calling those reviews inadequate. And to respect them and their findings would mean to acknowledge how little we know about the long term effects of fracking."

The province's five-member fracking review panel, named in October and given one year from that time to develop and execute a review process that includes consultation with people and communities, is expected to announce the details of its process either early next week or after the holidays. It must give 90 days notice before community consultations can begin.

"Every context is slightly different. I don't think we need to conduct all the research again," said Jansen. "We can certainly take a lot of the other findings into consideration, for example the in-depth health study done in New York.

To respect them and their findings would mean to acknowledge how little we know about the long term effects of fracking.

– Simon Jansen, NL Fracking Awareness Network

"The health effects would be similar, regardless of the region," he continued. "Also the conclusion in Quebec that the long term integrity of the wells cannot be guaranteed — it would be interesting to see how our panel can come up with a different conclusion or how they would justify [downplaying] such a risk."

In October 2013 Newfoundland and Labrador Natural Resources Minister Derrick Dalley announced a moratorium on fracking pending an internal government review. Then, last August, Dalley announced the government would commission the external review panel to research, consult and report on the hypothetical use of fracking in the province.

The independence of the panel has recently come under heavy scrutiny, particularly from residents of the Island's west coast, who would have to deal with the consequences of fracking as they live atop the Green Point shale formation. They have expressed concern that there are no women on the panel, no one who lives in

western Newfoundland, no practicing physician or epidemiologist, and no representatives from tourism and other industries important to the west coast economy.

In a written statement to *The Independent* on Friday, natural resources spokesperson Diana Quinton said the three jurisdictions' decisions on fracking this week will not affect Newfoundland and Labrador's review process, explaining people can "rest assured that any decision on hydraulic fracturing will be made with the benefit of balanced scientific information and will be in the best interest of Newfoundland and Labrador.

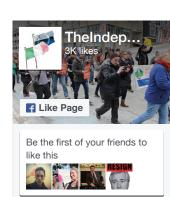
"We have an obligation to ensure that the health and safety of our people and the protection of the environment are our priorities when considering economic development opportunities," she said. "In this regard, governments must make decisions based on what is happening in their own provinces."

Emma Lui is the national water campaigner for the Council of Canadians. On Friday she told *The Independent* the three moratoria on fracking this week reveal a "major trend" in both Canada and the United States.

"Particularly in the East we're really seeing communities moving away from fracking, and it's quite heartening to see because...the movements in New York, Quebec and New Brunswick were actually [where we saw] some of the strongest opposition," she said.

"So it really speaks to governments beginning to listen to people and really implementing what





communities are demanding. So I do think it will set a domino effect for the rest of the jurisdictions in that area, in particular Newfoundland and Labrador, which is already under a moratorium," she continued.

"There is more and more information on the dangers of fracking, and we're seeing—particularly with the reports that were released this week—that fracking cannot be done safely. So very good to see that governments are acting on it."

What low oil prices mean for fracking

After peaking at US \$115 per barrel in June, oil plummeted to US \$60 per barrel for Brent crude—the global benchmark for oil prices—last week, the lowest it's been since January 2009.

So how might falling oil prices affect the fracking industry in Canada?

Memorial University economist Wade Locke was selected as a member of the NL fracking review panel. He declined comment when contacted by *The Independent* on Thursday.

Jansen pointed out though that "unconventional oil development like fracking has only been economically feasible because of high oil prices.

"If prices stay low companies have to reconsider if it is worth their time," he said.

This perspective is shared by Roderick Hill, a Professor of Economics at the University of New Brunswick in St. John.

"I don't think any company is going to be interested in commercially developing natural gas under current prices," he told *The Independent* on Friday, adding his provincial government is not "forgoing great piles of revenue by deciding to" ban fracking indefinitely. "Quite the contrary, I think there is very little to be gained."

However, Hill made clear that he does not think there is a connection between falling oil prices and the three moratoria announced this week.

Idon't think any company is going to be interested in commercially developing natural gas under current prices..." – Roderick Hill, Prof. of Economics, UNB

"The decline of the price of oil has happened pretty suddenly, and the decisions to ban fracking or carry out this sort of open-ended moratorium have been developing for a long time. I think it's really an outgrowth of grassroots resistance to this industry."

On Friday a *National Geographic* article exploring the effects of low oil prices on the U.S. oil boom said the price drop "threatens profits from fracking, which is more expensive than conventional drilling," pointing out that permits to drill oil and gas wells in the U.S. "declined almost 40 per cent in November."

The article cites sources saying fracking is economically viable to oil and gas companies drilling in the U.S. so long as oil remains above \$69 or \$70 a barrel, with one source saying companies can "cope" if prices remain above \$50 a barrel.

"While wells currently pumping can survive low market prices because they have already incurred startup and drilling costs, low oil prices diminish the incentive to invest in new well investments," Dennis Dimick, the article's author, wrote.

"Of course, as Michael Webber of the University of Texas at Austin told the *New York Times*, price fluctuations are part of a repeating cycle in the oil business over the past century. No one thinks the current low prices are permanent."

For fracking projects already underway, Jansen said there's reason to be concerned as companies could be tempted by the "desire to lower operating costs as a result of lower oil prices, which inevitably would increase operational risks."

In this province, junior explorers like Shoal Point Energy and Black Spruce Exploration, which had previously expressed interest in fracking, have said they will consider other options for accessing shale oil on the Island's west coast.

To review or not to review?

Speaking to *The Independent* on Friday, St. John's East MHA and NDP environment critic George Murphy, who has also been an outspoken critic of the potential for fracking in the province, said he was "happy to see some governments actually woke up and came to their senses and listened to their own people. It's time our government needs to start paying attention too."

Murphy has also been critical of the government's choice of panelists for the fracking review and the inactivity on its part so far, saying the backgrounds and experiences of panelists are "so focused that the answer seems to be predetermined that they would allow it.

"We're gone two and a half months and nothing's been heard since the panel's been announced," he said, pointing out that if the panel—chaired by Memorial University Associate Vice-President of Research Ray Gosine, who maintains financial relations between the university and private sector donors, including oil and gas companies—announced the dates for community consultations this week, those consultations would not begin until late March, almost halfway to the panel's deadline to deliver its findings to the provincial government.

With this week's moratoria in New York, Quebec and New Brunswick, however, Murphy said he's not sure Newfoundland and Labrador still needs to proceed with its review since the body of evidence that fracking poses major risks to public health and the environment continues to grow.

"Even in Alberta there are concerns that have started to rise up over the last couple of weeks about drilling and fracking," he said, referencing a new report that says Albertans have <u>"major concerns"</u> over the amount of water being used in fracking operations in their province.

"Its getting louder it seems, it really is. People have deep concerns."

Jessica Ernst, a resident of rural Alberta, is in the midst of a <u>landmark lawsuit</u> against her provincial government for failing to have and enforce regulations around fracking that would have protected her water supply when, she claims, Encana fracked wells in her groundwater reservoir between 2001 and 2004 and poisoned her drinking water.

Ernst visited the Island last year to share her story with west coast residents.

Lui said she recently met with another Alberta resident who is going public with her experience.

Anne Craft, a veteran Alberta real estate agent, suspects nearby fracking operations induced seismic activity and damaged structures on her property, poisoned her drinking water and made her and her animals sick.

"I was just on the phone with her...and she's complained to the Alberta government and they've really turned a blind eye. And we hear that a lot from landowners," said Lui.

"I was in Cochrane, just outside Calgary, about a month ago at a meeting with landowners who have been impacted by fracking. And again they're saying the same thing: that their drinking water had been impacted and also the livestock were really impacted because they drink the water as well. And so we're really seeing, particularly in Alberta, the government turning a blind eye to it."

Murphy said the writing's on the wall for the fracking industry in Canada, including its expansion into Newfoundland and Labrador.

"I'll be practical about it. You've got New York, you've got Nova Scotia, you've got New Brunswick, you've got Quebec. We're surrounded by provinces and states that have taken wise steps," he said.

"The Wheeler panel [in Nova Scotia] told it like it was, Andrew Cuomo out of New York told it like it was, the Government of Quebec told it like it was. Health, public health, public interest, have to come first and foremost.

"Until those concerns can be addressed and the process is said to be safe and non-toxic to our environment, it shouldn't happen... I think [our] government has got more than enough evidence from these particular provinces and states."

1 It is quite clear that there are major major risks if Newfoundland and Labrador were to go ahead with fracking. – Emma Lui, Council of Canadians

Lui said there's still value for Newfoundlanders and Labradorians to proceed with the fracking review here, however, as flawed as the panel might be.

 $\ensuremath{^{\circ}}\xspace$ think there's enough evidence and there are enough studies that have been done to show that fracking isn't safe, and that communities really shouldn't go ahead with it in order to protect community health and water sources. And there's also major impacts on climate.

"That being said...I think it's important to give people in Newfoundland and Labrador an opportunity to have their say anyway," she continued. "Each location is different in terms of the geology—as well as water sources—and so forth, so there could be some new information that comes out that's specific to Newfoundland and Labrador. But it is quite clear that there are major major risks if Newfoundland and Labrador were to go ahead

with fracking, so I don't think that's going to be anything new.

"It'll be interesting to see what the panel comes out with," she added. "And I think it's particularly important that people in Newfoundland and Labrador participate in the review process and raise

"In New York and New Brunswick and Quebec the opposition was very vocal and very strong — and I think that had a lot to do with how the governments ended up ruling, so I think that will be equally important in Newfoundland as well."

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