B.C. Fracturing Review Unlikely To Result In Moratorium

Photo credit: ARC Resources.

The announcement by British Columbia’s NDP government Thursday that it is creating a three-person scientific review panel to study hydraulic fracturing is unlikely to lead to a moratorium on the practice, say energy industry leaders.

Gary Leach, president of the Explorers and Producers Association of Canada (EPAC), which mostly represents junior and intermediate producers, and Geoff Morrison, B.C.-based spokesperson for the Canadian Association of Petroleum Producers (CAPP), both said they have no worries the move will lead
to a decision to ban fracking.

“We don't have any concerns [about a moratorium],” said Leach. “It’s a huge economic sector for northeastern B.C. and it’s healthy and growing.”

Morrison, citing statistics from a recent Canadian Energy Research Institute (CERI) study, said the natural gas sector in the province employs 57,000 British Columbians directly and indirectly and in 2015-2016 produced $949 million in revenue for the provincial government. In addition, the upstream sector in the province invests $4-$5 billion a year.

In addition, both Leach and Morrison said British Columbia has one of the best regulatory systems in the world and they feel confident fracking can be done safely, with minimal impact on the environment.

“There isn't anyone on the planet [from a regulatory standpoint] doing it better,” said Morrison, who pointed out that gas plants in the province’s popular Montney play are powered by electricity, making them unique in the world.

He said the decision to establish the panel carried out an election promise by the NDP from last year’s provincial election.

And he said Energy Minister Michelle Mungall, as well as Premier John Horgan, while hardly being enthusiastic about fossil fuels — the minority government, propped up by the Green Party, has fought against the expansion of the Trans Mountain expansion — have been pro natural gas development.

In fact, he pointed out that Horgan, in a trip to Asia in late January, made it clear he is “bullish on LNG development.”

He said it has also been “clear from the words of the minister [Mungall] that LNG is important for B.C.”

Although several LNG plants that were once proposed for the province have been cancelled, a multibillion-dollar project proposed by Royal Dutch Shell plc, LNG Canada, is still viewed as likely to get a go ahead.

LNG development will not proceed without natural gas development in the province, which is produced via hydraulic fracturing.

The government, in a press release, said it was creating the scientific review panel, consisting of a professor of hydrogeology, a geological engineering professor and a geological engineer/geophysicist, “to ensure it (hydraulic fracturing in the province) is meeting the highest safety and environmental standards.” (DOB, March 15, 2018 [http://www.dailyoilbulletin.com/article/2018/3/15/bc-names-hydraulic-fracturing-review-panel/]).
Members include, Diana Allen, professor in the department of earth sciences at Simon Fraser University; Erik Eberhardt, professor of rock mechanics and rock engineering, and the director of the geological engineering program at the University of British Columbia; and Amanda Bustin, research associate at the University of British Columbia and the president of Bustin Earth Science Consultants.

In addition to the three scientists who will be part of the panel, the government named Nalaine Morin as an advisor, with the aim of representing the interests of Aboriginals. She has led and managed the environmental reviews of several large resource development projects on behalf of First Nations.

The government said the panel will look at the role of fracking as it relates to induced seismicity as well as its impacts on water quantity and quality. It will also look into fugitive methane emissions that may occur in the process of fracking.

There have been several occurrences of seismic events — mini earthquakes — in some areas of the province where fracking has taken place.

It was made clear in the press release that the review is not aimed at shutting down fracking, which would be disastrous for the B.C. economy.

“Protecting our air, land and water is central to our government's direction of sustainably developing the province's resources and creating jobs for British Columbians,” Mungall said in the release. “We know British Columbians have questions about hydraulic fracturing. It's our job to make sure that natural gas operations continue to meet world-class standards and best practices for environmental protection.”

The minister went on to say that the panel will report back to her before the end of this year.

“The scientific panel will look at the process of hydraulic fracturing used to extract B.C.'s natural gas, review our regulations and provide recommendations to minimize risks to the environment,” Mungall said in the release.

EPAC's Leach said he looks forward to the results of the review, which might lead to even better practices by the industry, which he said is already operating responsibly.

“I think the B.C. government has among the leading regulations in the world with regards to fracking, but there are concerns about induced seismicity and water," he said. “It's reassuring the government has made it clear the review will be science based.”

However, he said hydraulic fracturing has been extensively studied already.
“The geology around safely doing hydraulic fracking in North America is well known,” he said. “I don't think the science review is likely to discover anything novel.”

He said although the province's regulations regarding fracking are very good, “they might need a tweak.”

Leach said his organization had discussions with the government last fall and it became clear then “the government had no intention of putting forward a moratorium on fracking.”

Although he believes the regulators and producers are committed to carrying out the practice in a responsible manner “it [the review] should be considered a useful and necessary exercise.”

CAPP’s Morrison said the organization also views the announcement of the panel's creation as a positive one, since it should lead to more “social confidence” on behalf of British Columbians in the practice.

Morrison said recent announcements by the government illustrate its commitment to resource development, much of it in the natural gas producing area of northeastern B.C.

One was the announcement in late February ([https://news.gov.bc.ca/releases/2018EMPR0001-000198](https://news.gov.bc.ca/releases/2018EMPR0001-000198)) that it would provide $120 million in royalty credits to encourage the development of roads, pipelines and other oil and gas infrastructure projects.

The other government decision that showed the NDP government isn't about to stop natural gas development in its tracks was the announcement that it would continue with the Liberals' Clean Infrastructure Royalty Credit Program ([https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/clean-infrastructure-royalty-credit-program](https://www2.gov.bc.ca/gov/content/industry/natural-gas-oil/oil-gas-royalties/clean-infrastructure-royalty-credit-program)) (CIRCP), which is aimed at reducing methane and greenhouse gas emissions.

“This is a positive sign that the government is supportive of the industry,” said Morrison.

B.C. is responsible for about 30 per cent of Canada's gas production, representing about 4.5 bcf/d, he pointed out.