

REMARKS FOR
Alison Scott
Deputy Minister of Energy
Canada Consular Luncheon
NAPE 08

Check against delivery.

Consul-General ... Ministers ... MLAs ... honoured guests ... colleagues, ladies and gentlemen

It's a pleasure to speak here today on behalf of the Honourable Richard Hurlburt, Minister of Energy in Nova Scotia

A brief primer:

Nova Scotia is on the east coast of Canada, just to the north east of the New England states and southwest of our neighbours – Newfoundland and Labrador.

Our offshore is roughly 250,000 square miles with 40 Tcf of natural gas potential.

There are about 200 wells in our water...compared to 50,000 in the Gulf of Mexico.

We had Canada's first off-shore oil production in 1992, with the then PanCanadian's Cohasset-Panuke project.

We have been producing natural gas since 1999 at a rate equivalent to 20 per cent of New England demand – our biggest customer.

Royalties are the third largest source of revenue to our province, so our offshore is very important to us...and we want and need more development.

Here's a little of what we are doing to spur that development:

Geoscience side...

In our drive to better understand our offshore geology, we are:

- Continuing our seabed logging study with Petroleum Research Atlantic Canada and EMGS
- Continuing to work with GX Technologies and their long offset NovaSpan data set.
- We have reprocessed and released a 3-D seismic dataset in seg-Y format in the Sable Island area
- Our regulator, the CNSOPB, is continuing to load seismic and well log data into its data management centre, which provides data online, free of charge.
- We are planning to commission an industry standard play fairway analysis for our offshore to be released to the public free of charge in 2008-2009.

Policy side...

The Canada Nova Scotia Offshore Petroleum Board has a call for bids out now which includes very flexible and attractive terms and conditions sweet enough we hope to turn a few entrepreneurial explorers in our direction.

We will be working with our federal government and the Board to provide more transparent access to our existing offshore infrastructure.

Better regulation...

Many of you will know EnCana recently gave the green light to its Deep Panuke natural gas project. We are proud to say the regulatory approval process took 10 months, compared with 30 months for the Sable Offshore Energy Project.

We are also working with the federal government and regulators to make all of our offshore regulations more goal oriented.

Ultimately, we want a single set of goal-based regulations. It is a tall order, but we believe it is achievable.

More effective marketing...

Last year, we told people we were developing an economic scoping model for gas development...a simple, meaningful tool for investors.

It's now complete, and freely available online at the CNSOPB's web site.

It will perform risk-based, post tax and royalty, full cycle economics for offshore Nova Scotia gas developments.

Right now, we are enhancing the model to handle oil developments as well – and that work will be done by April.

Onshore in brief...

The Maritimes and Northeast pipeline travels from our offshore through the heart of our onshore conventional, coalbed methane, and shale gas plays, on its way to the US.

This infrastructure and the price of petroleum products has spurred development on our onshore – we now have a total of nine onshore licenses.

Three are coalbed methane plays – and one is a production license.

The other six include conventional oil and gas exploration, as well as shale gas.

And we have an onshore conventional gas call for bids right now that closes in March.

On the onshore infrastructure front we are also seeing development

Just last month, a Landis/Fort Chicago owned company announced its plans to construct a second natural gas pipeline to the northeast US...and connecting Nova Scotia to the East - West pipeline infrastructure of Central Canada.

This is the same company that plans to develop 4 billion cubic feet of natural gas storage in 10 to 15 salt water caverns in Nova Scotia.

Coming up

Next year, this is where we are headed:

- More offshore geoscience data, and greater access to that data
- New policies to improve investment opportunities
- More development activity, as Deep Panuke gears up and our onshore coalbed methane projects move

ahead.

Bottom-line: we have potential, but we know we need more drilling in offshore Nova Scotia.

As some of the geoscience work we have completed recently points out, exploration so far, particularly in deep water, may have missed the real opportunities.

More information brings more knowledge and less risk to drilling.

We understand drilling is expensive. We can't control rig rates, so ... we are committed to making development easier, by pulling the science, the policy, the regulation together to create conditions that cannot be ignored.

If you would like to know more ... we put a primer together for the November edition of World Oil.

It's a good snapshot of our work to date, and where we are headed. That should be at your table.

If you have any other questions, we would be happy to talk to you at our booth: it's #1043 in the international pavilion.

Thank you.