

Remarks for Alison Scott

Deputy Minister of Energy

Province of Nova Scotia

Explore our Potential in the New Nova Scotia

Offshore Technology Conference, Houston, Texas

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12:15 p.m.

CHECK AGAINST DELIVERY

[slide1: intro]

Consul-General ...

Honoured guests and ladies and gentlemen...

It is a real pleasure to be here.

Premier MacDonald and Minister Dooks are unable to be here today and send their regrets.

[slide2: assets, opportunities, people]

I want to talk with you today about why Nova Scotia should be part of your energy investment portfolio; I want to talk about our offshore geology; and I want to talk about our onshore and touch on exciting new developments in tidal energy.

First, let's talk about the people of the energy industry and why you remind me of Nova Scotians.

I believe that you, like Nova Scotians, are pioneers at heart.

It's a 'can-do' attitude that says **"yes"** instead of **"maybe"**.

[slide3: Nova Scotia]

Our pioneering spirit led to Canada's first offshore natural gas discovery in 1969 and Canada's first offshore oil production in Nova Scotia in 1992.

We have **250**-thousand square miles of ice-free offshore waters with 16 significant discoveries that are currently undeveloped and five commercial discoveries, including the Sable Offshore Energy Project.

We **have** gas potential in our offshore that we need your help to develop.

And when we achieve this, we have the advantage of being right next door to one of the world's largest energy markets, the United States.

Ladies and gentlemen, our zip code is second-to-none.

And let's talk about what is happening **onshore.**

New opportunities are being discovered — coalbed methane and a first-class wind resource.

And we are very excited about new advances in tidal power.

We hope to further harness the 50-foot tides – yes, I said the 50-foot tides along Nova Scotia’s Bay of Fundy coast.

Another critical asset we have in Nova Scotia is our workforce. Our workforce has one of the highest levels of post-secondary education in Canada – which is no surprise since we have 11 universities.

[slide4: an aggressive plan]

With all these assets in mind, Nova Scotia has a plan for the coming year.

We will continue to create a positive business climate with regulations and research that help us all.

We will increase support for offshore and onshore energy exploration and development in Nova Scotia.

And we will continue to promote the energy-sector expertise of our workers and businesses.

First of all, we want more companies to come to Nova Scotia and explore.

We have spent a lot of time in the past few months talking to your industry about how you

view us and on initiatives to help enhance our attractiveness.

Let me start by emphasizing what we already have in production — the Sable Project led by Exxon Mobil.

This project is connected to the Boston market through the Maritimes and Northeast Pipeline.

Nova Scotia's Sable Project supplies the New England market with up to 20 per cent of its natural gas.

So, we have gas production and we have gas infrastructure.

I believe this same pipeline will take gas from our proposed second offshore natural gas project: **EnCana's Deep Panuke**.

EnCana's production could begin supplying markets as early as 2010.

And I believe that with Deep Panuke, the **benefit** of recent regulatory reforms are starting to be realized.

[slide5: regulation]

A few years ago, the regulatory process to

approve a project like this in Atlantic Canada might have taken 30 months.

Today, EnCana is moving its project through our stream-lined regulatory process, where the public hearing lasted just five days.

We expect a final regulatory decision this summer.

The entire process is now anticipated to last just nine months.

We are also conscious that drilling offshore Nova Scotia is not cheap.

In an effort to help the industry reduce costs, we recently passed a law that removes the requirement to flow-test wildcat wells.

This change is expected to save explorers millions of dollars for each well.

And using comments from you in the industry, we are making it easier for investors and explorers to get information about our **frontier**.

[slide6: research]

We recognize the severe manpower crunch that

industry is facing.

That is why we are doing more, and providing information that is enhanced beyond the raw data stage.

We are going to kick start that key work for you.

Our goal is to put new geological ideas in front of current and potential explorers.

We've already created two new research associations, and next we are providing the funds to digitize and reprocess our government-owned seismic data from the Penobscott block,

near Sable Island.

This data will be available online this fall – at no charge – along with other core, seismic and well data through the Canada-Nova Scotia Offshore Petroleum Board’s new data management centre.

Today, I am also pleased to announce that we have provided a grant to Petroleum Research Atlantic Canada.

It will allow PRAC to investigate leading-edge seabed logging technology as a tool to help better understand our offshore geology.

I would like to point out that Dave Finn, President of PRAC, and his team are in the audience today — feel free to drop by the Nova Scotia booth to set a time to meet Dave and his team.

Let me recap a little, and clearly state that Nova Scotia is a proven gas province with proven oil as well.

[slide7: exploration]

We sit next to the largest energy market in the world and we already have a gas pipeline connecting us.

But our basins have only 124 exploration wells, and only six in deep water – one of which is a significant gas discovery.

Similar real estate in the Gulf of Mexico might have 40-thousand or more wells.

I am not saying Nova Scotia's offshore is the same – I am saying that it is clearly underexplored.

Not enough exploration activity has taken place for anyone to draw definitive conclusions about Nova Scotia's offshore.

That's why I want more exploration.

And that's why my government is helping to change policy to help make it happen.

Over the past year, we have been working with the Canadian government and our regulator, the Canada/Nova Scotia Offshore Petroleum Board, in a number of areas.

We are looking at creative approaches for: land tenure issues, economic models for investors, and third-party access to offshore infrastructure.

But **it is** in the area of offshore licenses that you will see the greatest immediate impact.

Just two weeks ago, our offshore regulator announced a new direction.

The board, with government's support, is creating more flexible terms and conditions for new exploration licenses, with shorter terms and lower cost of entry.

The board itself is going to prepare calls for bids instead of waiting for industry to nominate lands.

As with other jurisdictions, the rules are going to be updated for new ... I repeat new ... significant discovery licenses, while still giving explorers fair opportunity to develop what they find.

In the petroleum business, like most businesses, risk influences decisions. And so the more risk we can remove from the equation ... the more we can streamline our regulations ... the more research and creative licensing we can provide ... the better we can make Nova Scotia's exploration prospects.

And this is not limited to the offshore.

[slide8: onshore]

In Nova Scotia's **onshore**, companies are looking for conventional oil and gas, as well as coalbed methane.

Stealth Ventures recently submitted a development plan to the Nova Scotia government for the production of coalbed methane gas.

Stealth believes the potential scope of this project is over one-trillion cubic **feet**.

We will have to wait and see if the development of this gas is commercially viable, but the early

exploration work has been very encouraging. On the liquefied natural gas front, Maple LNG recently received conditional environmental approval from our Province.

And we are optimistic about the prospects of Keltic Petrochemicals moving forward.

While these are only first steps, they signal the beginning of a journey to develop Nova Scotia's onshore potential.

I also want to emphasize that **in** Nova Scotia, our energy opportunities are not limited to just oil and gas.

[slide9: new sources]

Just last month, we announced a new policy framework for the development of ocean energy, including tidal power, wave energy, offshore wind.

We are making it easier for developers to invest in a world-class resource – our Bay of Fundy, home to the world's highest tides.

One of Nova Scotia's unique advantages is the proximity of ocean energy opportunities to an existing transmission grid.

Here in the United States, last year you invested some 30-billion dollars in **the** alternative energy sector.

What I want to reinforce is that Nova Scotia is offering developers a rare opportunity.

Much like wind energy was 15 years ago, our tidal resource is poised to develop rapidly in an area that is grid connected.

Let me conclude with the following ... I have outlined our actions in streamlining regulation; encouraging new development in onshore and offshore; policy changes; and on the renewable and non-renewable energy fronts.

These actions are about creating winning conditions – my government's work is about focussing on creating new opportunities.

Nova Scotia is globally connected and will be competitive – a world leader for our people and our businesses.

These are conditions that companies look for when they want to invest, when they want to

grow, when they want to find partners they can count on.

If you need proof of these conditions, look no further than **the** Nova Scotia companies who are with me today.

These folks have what it takes to compete on the world stage.

If you look up on the screen, I can show you what I mean.

[supplier video 90 seconds]

The Nova Scotia delegation in Houston brings

with it the expertise and experience of partnering
with some of the world's largest companies.

These partnerships help us all become stronger
and more competitive.

As Deputy Minister, it gives me great pleasure
to stand on this stage and promote their
abilities.

Today I hope you take away **this** message from my comments:

— that Nova Scotia is a place you should consider as part of your investment portfolio, and it is a place to look to for experienced technology and service companies.

Our offshore area is wide open and largely unexplored.

We have a first-rate zip code.

There is tremendous opportunity.

And we are pursuing a number of initiatives to make it easier for companies to do business in Nova Scotia.

Finally, and I repeat, I encourage you to look at our supply and service community — we have dependable companies and well-educated workers who know how to get the job done.

Thank you very much for your time, and please see our team at the **Nova Scotia booth, number 1817**, in the Canadian Pavilion.

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