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PROVINCE AND FIRST NATIONS LAUNCH VITAL MARINE PLANNING PARTNERSHIP INITIATIVE

Leaders from the North Pacific Coast First Nations and the provincial government of British Columbia announced completion of plans for the Marine Planning Partnership (MaPP) on Monday, which would chart a new course for ocean conservation. The plan is co-led by the provincial government and 18 coastal Nations.

As First Nations performers beat ceremonial drums, danced and sang at Reception Hall in the B.C. Legislature Building, the plan was hailed as a new beginning, a world-leading initiative in ocean management and marine conservation.

MaPP covers a massive geographical area and includes over 100,000 kilometers of coastline from Haida Gwaii, in the north, to Campbell River on Vancouver Island, in the south, and involved more than a decade of consultation with stakeholders.

"Today's agreement between the Government of BC and 18 First Nations marks a milestone for sustainable economic development and stewardship of British Columbia's coastal marine environment," said Minister of Forests, Lands and Natural Resource Operations Steve Thomson.

"I look forward to working with First Nations as we move forward to implementation."

The MaPP will provide recommendations for key areas of marine management, including commercial and recreational uses, activities and protection. The partnership will also help shape decisions concerning sustainable economic development and stewardship of the coastal marine environment.

It is comprised of four separate regional marine plans involving the Central Coast, Haida Gwaii, North Coast and North Vancouver Island.

Stakeholders said B.C.'s diverse but fragile oceans and marine ecosystems are in serious peril, and that the new plans offer a new beginning and way to turn the tide on environmental degradation.

"The marine plans are a significant step forward in protecting the oceans around us for future generations and ensuring sustainable use," said Kil tlaats 'gaa (Peter Lantin), President of the Haida Nation.

"The ocean around us is experiencing many threats including marine development, climate change and unprecedented changes in productivity of fisheries. The marine plans provide a blueprint for adapting to these changes."

One overlying threat to the North Pacific Coast is man-made pollution. With protests over increased oil tanker traffic and the $6.5-billion Northern Gateway Pipeline ramping up, coupled with the recent toxic bunker fuel spill that closed Vancouver beaches, stakeholders acknowledged that public interest in the health of the Pacific coast has been greatly heightened.

"The focus of the plans is to manage human activities within nature's limits, to ensure the health of our oceans and coastal communities," said Sabine Jessen, National Oceans Program Director with the Canadian Parks and Wilderness Society.

"Although we would like to see more and stronger conservation measures in the plans, they represent a very important first step in managing our ocean resources for generations to come."

The planning process for the MaPP was a successful private-public partnership that involved the Central Coast Indigenous Resource Alliance, Coast First Nations Great Bear Initiative, Council of the Haida Nation, Nanwakolas Council, North Coast-Skeena First Nations Stewardship Society and others. Administrative support for the project came from Tides Canada and financial backing from the Gordon and Betty Moore Foundation.

One stakeholder conspicuously absent from Tuesday's ceremony — as well as the recent consultation process — has been the federal government. Ottawa has jurisdiction over commercial fishing, marine transportation, liquid natural gas development (LNG) and management of private lands but so far is keeping its distance from MaPP.

Most delegates attending Tuesday's ceremony expressed concern over a lack of engagement from Ottawa but hoped that would soon change.

"Until we get together with the federal government and work together, we are always going to have controversy," said Art Sterritt, Executive Director of Coastal First Nations.

"The fact that is that we [First Nations] have rights, a right to title, a right to the economy and a right to the fish. We are not going to allow the federal government to bully us on anything, but we'd really just rather work with them on it. That is our intention in the future. We are optimistic that is going to happen sooner than later."

SCIENTIST LEERY OF B.C.'S LNG POTENTIAL

"They're going to put a bulls eye on my picture down in Victoria," says David Hughes as he leaves the interview room to continue on an eight-stop tour of northern B.C. to cast doubts on the promise of a liquefied natural gas (LNG) economic boom for the region.

An independent geo consultant with 35 years experience at the Geological Survey of Canada, Hughes has been a consistent voice of caution during the province's gallop towards an industry being promoted by the provincial government.

His 2013 report Drill Baby Drill warned the U.S. about its overestimation of new oil and gas reserves made accessible from modern drilling techniques and now a study of Canadian reserves with similar conclusions, BC LNG Reality Check, is to be published by the Canada Centre For Policy Alternatives in May.

Hughes thinks the amount of natural gas available in major reserves in northeastern B.C. and the ability of companies to extract it is greatly overestimated by the Christy Clark government and the companies pitching their multibillion dollar projects.

The information Hughes uses to argue his case comes from the federal National Energy Board (NEB) and the province's B.C. Oil and Gas Commission's own calculations and projections.

The first target for Hughes is the 18 liquefaction facilities proposed on the coast, 12 of which already have export licences.

He doubts they are even possible given the huge amount of production that would lead to and the reality of demand.

"Adding them up comes to 60 million tonnes more than the entire world trade of LNG," says Hughes.

Just supplying one or two facilities would require a dramatic drilling increase beyond the midrange expectations of the National Energy Board, he continued.

Hughes says its likely Canada would become a net importer of natural gas to feed those facilities.

"Basically we have to ramp up gas production way more than the NEB reference case forecast in order to have more than one terminal," he said of the 330 per cent increase from current gas levels anticipated by 2035 in midrange NEB supply projections.

"If we commit to 20 year projects, and are required contractually to provide that gas, we're going to need to import a lot more gas."

The "high case" scenario of five LNG plants, would require 43,000 new wells by 2040 according to his calculations and he says there are limits to how many drills will fit in these areas that can effect recoverability of deposits.

Just keeping up with current demand would require that 8,000 new wells be drilled in B.C.

And domestically in Canada, where we are huge consumers of energy because of the climate and distance between cities, that demand is massive and will continue to be large even as renewable energy sectors grow.

"We're right up there with Saudi Arabia. Actually we are worse than Saudi Arabia. We use about 5.3 times as much energy per capita as the average person in the world. The Americans use 4 times the world average. We use 5.3."

"What is the best use of those resources? Liquidate it as fast as we can?" Hughes asks.

"Future generations are going to curse us if we liquidate this for marginal returns."

He said that in the five LNG terminal scenarios the Canadian gas surplus would run dry in several decades.

"You could run a five terminal case, if you could drill wells fast enough, for about 40-50 years. You could run a two terminal case for longer but that's making optimistic forecasts about recoverability."

He said the amount of gas in the ground hasn't been proven through drilling yet and is a theoretical "resource" number as opposed to reserve.

Hughes said he is aware of the optimism in the Terrace area and through the northwest for an economic upsurge.

"Prince Rupert is dying. Fishing is really down. Logging is really down. So people are really looking at LNG as wow, this could be really great."

The final analysis of Hughes might even seem optimistic to those with vastly lowered expectations in an area that is pessimistic about grand promises.

He sees two projects led by state-owned companies as the most likely to forge ahead.

These are Grassy Point LNG led by China National Offshore Oil Corporation and Pacific Northwest LNG owned by Malaysia's Petronas.

"Their concerns are maybe not as much profit-based as energy security based, so they are trying to tie down a supply," said Hughes.

"They don't care what the price is because they know they are going to need it eventually."

CANADA FALLS SHORT WITH LNG INCENTIVES

Canada's federal government has finally responded to calls for tax reform from prospective LNG exporters, but some say the incentives unveiled last week have come too late to alleviate the impact of falling oil prices on the 19 LNG export projects planned for the country's west coast.

The fiscal measures – which include extended gas export licences, reduced taxes and faster write-offs of energy equipment – may be insufficient to offset the effects of a slump in Asian LNG demand and dwindling capex budgets, IHS CERA analysts say.

"We expect the new tax incentives offered by the federal government – namely the accelerated capital cost allowance – to have only a minor impact on LNG investment in Western Canada," IHS CERA analysts Jihad Traya and Dustin Meyer told Interfax.

"Though the incentives provide some benefit to project developers and partially offset British Columbia's [BC's] own LNG income tax, the projects still face a number of obstacles that we view as larger determinants of the ultimate scale of investment," they added.

Energy companies involved in BC gas and LNG projects have been pushing the provincial government for LNG tax reform. The BC government has offered several tax incentives in the past few years, and although the latest offer from Alberta was well received, the market dynamics have changed and no FID has yet been made on any BC LNG export project.

Many North American oil and gas companies are cutting thousands of jobs. Canadian oil firm Suncor Energy cut C$1 billion (US$829 million) from its 2015 budget and 1,000 jobs in January, and Schlumberger – the world's largest oil and gas services company – announced this month it would shed 11,000 personnel, slashing the company's total staff to 20,000. The global drop in oil prices and the slump in Asian demand has seen spot LNG prices drop from $20/MMBtu earlier this year to trade at less than $7/MMBtu this month.

"Additional incentives would no doubt be welcomed by project developers, but Western Canadian projects have much more fundamental market-based obstacles holding back development," Traya and Meyer told Interfax. "LNG marketing, capital cost and partner alignment are bigger issues affecting the establishment of an LNG export industry in Canada.

"With a large amount of LNG supply from the United States – as well as Australia – set to enter the market over the next few years, Canadian projects may find it more difficult to secure buyers in an increasingly well-supplied market," they added. "We expect a small number of LNG projects – notably, those with committed buyers and sufficient access to capital – to be sanctioned in Western Canada… only a fraction of the nearly 20 projects proposed in the region."

Extended gas export licences, reduced taxes, and faster write-offs for energy equipment all are hoped to attract energy investment and development of Canada's natural resources, as revealed in the new budget in Ottawa last week.

The tax breaks revealed by Finance Minister Joe Oliver will mean LNG project developers will receive a new 10% depreciation rate for construction at liquefaction facilities. A 30% depreciation rate for machinery and equipment used in gas liquefaction was also extended for 10 years.

Ottawa's tax incentives are based on the expectation that crude prices for West Texas Intermediate will be $54 per barrel this year and $67/bbl in 2016 – a very different scenario to July 2008, when WTI traded over $140/bbl.

The offer of an extension to 40 years for gas export licences currently set at 25 years was well received by gas producers.

"The proposal to extend the maximum length of gas export licences […] will improve regulatory certainty for gas exporters. They will be able to have a higher level of certainty in foreign investment as they identify places to ship their products," Chelsie Klassen, media manager for the Canadian Association of Petroleum Producers, told Interfax.

Jacinthe Perras, a spokesperson for Canada's Department of Natural Resources, said the ultimate goal of the measures was to diversify Canada's export markets and that they "will lead to the creation of thousands of new and well-paying jobs for Canadians".

The Conference Board of Canada estimates that BC's gas sector alone "could attract C$180 billion in new investment and create 54,000 jobs per year between 2012 and 2035", Perras told Interfax.

Perras also placed particular emphasis on the licence extensions, noting they give investors access to gas supply "consistent with the expected life cycle of capital investments in this industry, and enhance the competitive advantage offered by Canada's vast gas resources – which are estimated at up to 44.35 trillion cubic metres, or 300 years' supply of marketable resources at current production".

CANADA'S HIGH LEVEL ENERGY SEEKS FINANCIAL PARTNER FOR WILDCAT EXPLORATION IN THE NORTHWEST TERRITORIES

Down to the Wire for Its Little Chicago Prospect, 55 Years in the Making

About 125 miles north-northwest of Norman Wells in the N.W.T. lies a prospect named Little Chicago. It was originally developed and extensively researched in the 1960's by the late Dutch geologist John Lichtenbelt, who provided evidence for tremendous possibilities and said it was the most economically viable and highly prospective area of the whole Northwest Territories. Then along came the Berger Commission in the 1970's which called for a moratorium on land sales pending settlement of native land claims which effectively shut down research and exploration in the area for decades afterwards.

In 2007 and 2008 the company which controlled the Little Chicago exploration licence at the time - Kodiak Petroleum - spent $10 million on seismic following up on leads from old seismic which had been reprocessed the preceding year. Kodiak shot ten, high fold (3800%) seismic lines, for a total of 118 km, to identify specific drilling locations. In total 13 shallow (Devonian Bear Rock) anomalies, three medium-depth (Basal Cambrian Sand/Top Precambrian) anomalies, and one large deep structure with 1200 feet of closure appear to have been identified on the seismic.

Just when Kodiak had gathered sufficient evidence in support of drilling its prospects, the financial crisis hit, resulting in the decimation of Kodiak's share price and also the company's ability to raise the required funds for drilling. Then the exploration licence expired and with it the last chance for Kodiak to test the validity of its seismic anomalies.

Further research into the oil potential in the Peel Plain and Plateau, which includes the Little Chicago prospect, was done in 2010 during the time of Kodiak's one year extension on the exploration licence. In an open report by geoscientist Leanne J. Pyle she noted that known accumulations occur in proximity to Little Chicago, most notably the Norman Wells oil field to the southeast, but also natural gas and oil in Colville Hills to the east, oil in Eagle Plains to the west, and oil and gas in Mackenzie Delta to the northwest.

High Level Energy describes the regional geology like this: Directly to the west and downdip of Little Chicago is a 12,000 foot thick geosyncline of mainly bituminous shales, an excellent source rock where hundreds of billions of barrels of oil may have been generated. As the oil produced in this geosyncline migrated easterly, it was either trapped stratigraphically or structurally, or it simply continued updip where, in some cases, it outcrops in the form of oil seeps (along the Mackenzie River to the north of Little Chicago) or oil sands (at Colville Lake to the east of Little Chicago.)

In July of 2013 High Level Energy entered into an agreement to purchase all of Kodiak's proprietary seismic and all their files and other assets to do with Little Chicago in anticipation of bidding on exploration rights. Everything seemed to be in place for success, especially with the devolution of resource management to the N.W.T. government from the Federal government. That devolution agreement was announced on March 10th of 2013 and the very next day the Federal government issued a Call for Nominations for the Central Mackenzie Valley where Little Chicago is situated. The devolution agreement was to take effect on April 1st of 2014, meaning that the N.W.T. government had more than a year to prepare for its assumption of resource management.

So much potential, but as it stands now this prospect sits idle and High Level Energy cannot move forward.

"We believe we have the potential to make an historic oil discovery that will better the economies of many people, communities and companies, as well as governments, especially that of the North West Territories," says Alain Rostoker, President of High Level Energy. "We want to give small investors from across Canada an opportunity that they would not otherwise have."

Rostoker expressed frustration at the delays that have happened in proceedings. "I have a Call for Bids map from the GNWT website with a date of Dec. 17, 2014, but the Call for Bids did not actually launch until the end of January. Had the Calls for Bids been launched on that December date it would have been a typical period between the closing of the Call for Nominations and the launch of the Call for Bids." Given that the devolution agreement was to officially take effect on April 1st of last year and given that the GNWT had more than a year to prepare for it, there was a reasonable expectation that right after April 1st the Call for Nominations would be issued. When it wasn't, Rostoker fired off an email requesting an estimated date for the start of a Call cycle, only to be told that the expected start date would be "late summer". The summer of 2014 came and went with no further information as to when a Call for Nominations might be issued.

All of this meant huge delays that postponed planning and thus the entire operation and it left Rostoker in a bit of a pinch.

High Level Energy (HLE) plans on drilling (vertically, not horizontally) at least the two medium-depth seismic anomalies that Kodiak would have drilled had it not been for the financial recession of 2008-2009, and possibly one or two of the shallow anomalies.

HLE had some investors tentatively lined up but couldn't ask them to actually put money up until they knew that the Call for Bids had really launched and that it included the Little Chicago prospect lands. By the time that happened, the investors had faded into the background due primarily to frustration over the delays by the N.W.T. government. According to the CBC, David Ramsay, N.W.T. minister of Industry, Tourism and Investment, said that "the rules for N.W.T.'s first oil and gas exploration licence auction are the same as when the process was run by the federal department of Aboriginal Affairs and Northern Development" so it begs the question by HLE: why did it take so long to get the Call cycle underway?

These delays have made it practically impossible for HLE to get its wells drilled until the winter of 2016/2017 and puts into doubt whether private investors will be willing to put up the $2 million needed and whether the IPO investors will be willing to wait for up to 16 months before they know the drilling results. In the oil industry $2 million is peanuts but to High Level Energy it's everything.

Rostoker just shakes his head. "There is so much potential and we've done everything to be ready to make it happen. Only time is working against us." The N.W.T. could again be a hotspot, with past successes in a number of areas such as Amauligak and Norman Wells, and the creativity of a new and focused company such as HLE to explore where others fear to tread. But things seem to be 'frozen' in the great white north right now, despite the potential.

High Level Energy has some exciting plans to augment the drilling project with a TV mini-series to echo successful shows like Licence to Drill, Yukon Gold, Bering Sea Gold, Ice Road Truckers, Black Gold, and (the latest) Backyard Oil. The show is intended to be educational in nature, with a focus primarily on the geology, geophysics, operations and the business of frontier energy exploration, always with a view for environmental sensitivity.

The company also plans to hire Canadian Petroleum Engineering under contract due to their extensive knowledge and experience in N.W.T. operations. They were the operator on behalf of Devlan Exploration in the drilling of three wells on both sides of Little Chicago.

"Canadian Petroleum Engineering knows more about everything to do with drilling our particular prospect than anyone else in the industry," Rostoker pointed out.

High Level Energy is offering shares to qualified private investors in the jurisdictions of BC, Alberta, Saskatchewan, Ontario and the US, and hopes to either win the bid for the prospect or sell the seismic to whoever is the winning bidder. Considering the cost for conducting a new seismic program, HLE's seismic could be purchased at a heavily discounted price.

But the much preferable route is for the company to continue executing its well conceived plans. "We have structured the deal as a shareholder loan with a whole lotta shares so investors get their money back first (most important!) and after that - if all goes according to plan - they will make about double their investment even if we drill dusters the first go around," Rostoker said. "Of course, if we drill a discovery then it's a whole new ball game."

Even if HLE makes a discovery it will take years for its shares to be fully valued which will probably be when first production is sold and delivered.

The current best method of bringing possible Little Chicago oil production to market is by building a relatively short (but still relatively expensive) pipeline to Norman Wells where it would connect to the pipeline that goes to Zama and which has plenty of capacity to handle new production.

Says Rostoker: "This prospect begs to be drilled. It would be a shame if it were to remain undrilled for the sake of a measly two million dollars. My biggest fear (as much as the likelihood of losing lots of money) is that if this prospect isn't drilled now, it may never be drilled. Another fear is the possibility that the inability of HLE to advance this prospect now will have an even greater chilling effect on Northwest Territories exploration and development in the future. That would be a lost opportunity to better a lot of people's lives. "Maybe we won't make a discovery but at least the evidence looks good...and you can't possibly win without a ticket."

NOVA SCOTIA OFFSHORE OIL AND GAS EXPLORATION PARCELS UP FOR BIDS

Canada-Nova Scotia Offshore Petroleum Board has asked for bids on 9 parcels of ocean

Will the third time be the charm for Nova Scotia's offshore?

That's the question on the minds of those eager to see more offshore oil and gas exploration, in light of Tuesday's call for bids by the Canada-Nova Scotia Offshore Petroleum Board.

The board has asked for bids on nine parcels of ocean. Two are on the Scotian Shelf near Sable Island, which has proven oil and gas reserves.

The other seven parcels are in two blocks. One three-parcel block is located roughly east of Halifax. The other four are off the southern end of the province.

In 2014 and 2013, the Canada-Nova Scotia Offshore Petroleum Board put a total of 11 parcels up for bids, but not one oil or gas company was interested in exploring any of them.

Michel Samson, Nova Scotia's Energy Minister, isn't deterred by the previous lack of interest.

"I think there's a sense of excitement about Nova Scotia's offshore in the fact that, with the challenges of the price of oil both Shell and BP, who have cancelled exploration projects in different parts of the world, have maintained their commitment to Nova Scotia which is a sign of confidence," said Samson.

"We're hoping that that confidence is going to reverberate with other players in the industry."

In 2011, Shell Canada bid $970 million for four licences. The following year, they were awarded licences to another four parcels with an additional $318-million bid.

BP — formerly known as British Petroleum — was also awarded licences to four parcels for $1 billion in its search for oil and gas.

Those two years marked the biggest bids ever received in Canada's offshore, according to the Canada-Nova Scotia Offshore Petroleum Board.

Last year, both companies conducted extensive 3D seismic surveying.

Shell is hoping to start exploratory drilling in the coming months, while BP plans to start drilling in 2017.

30-Apr-15				
	Active	Down	Total	% Active
Western Canada				
AB	52	474	526	10%
SK	5	127	132	4%
BC	24	57	81	30%
MB	-	15	15	0%
WC Total	81	673	754	11%
Eastern Canada				
QC	-	1	1	0%
Canada	81	674	755	11%