



**November 20, 2015**

**Submission to the New Brunswick Commission on Hydraulic Fracturing**

202 Brownlow Ave.  
Suite A305, Cambridge 1  
Dartmouth, NS  
B3B 1T5  
(902) 425-4774  
[www.MaritimesEnergy.com](http://www.MaritimesEnergy.com)

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NB Commission on Hydraulic Fracturing  
Marysville Place  
PO Box 6000  
Fredericton, NB  
E3B 5H2

To whom this may concern,

The Maritimes Energy Association is an independent not-for-profit organization representing businesses that provide goods and services to the energy industry in Eastern Canada – offshore and onshore, renewable and non-renewable, domestic and export markets. We have over 350 member companies, many of them based throughout New Brunswick and most of them carrying on business in New Brunswick. The Maritimes Energy Association is taking a New Brunswick led Smart Grid Trade Mission to Europe at the end of the month to understand and learn from emerging technologies with the purpose for the betterment of the Province and the Public.

The Maritimes Energy Association continuously strives to play a role in the advancement of the energy industry by identifying, promoting and supporting opportunities for its local member companies in the energy industry. While operators and producers are members, the core members are the local supply companies, employing thousands of people, investing hundreds of millions of dollars in our local economies and living and operating in our region. The association supports the responsible development of energy resources that reflect the latest technologies and best practices under efficient and effective regulatory regimes. This is

consistent whether the resource is offshore or onshore and whether it is a renewable or a non-renewable resource.

We are pleased to provide comments to the New Brunswick Commission on Hydraulic Fracturing. Seeking public consultation on issues such as this is very important. As an in-kind partner of the New Brunswick Responsible Energy Development Alliance (NBREDA), The Maritimes Energy Association strongly supports the exploration and development of New Brunswick's onshore oil and gas potential. The development of the New Brunswick oil and gas industry over the past 156 years has contributed greatly to our local economy and the people of New Brunswick. When done in a safe and responsible manner, methods such as hydraulic fracturing can create sustainable jobs and economic activity in our region, which are our main priorities as an association.

What many people do not realize is that hydraulic fracturing has been taking place in Canada since the 1950's and it has been successfully used for oil, natural gas and water wells. Horizontal or directional drilling has also been used in the industry for decades, and became more popular in the 1970's due to technology advancement. It is the combination of these two technologies over the last decade that has spurred the revolution of shale gas and oil. The oil and gas industry in New Brunswick was established in 1859 when the natural gas field in Dover (near Moncton) was discovered. Following that discovery, production began in Stoney Creek, the first successful natural gas well. Currently 82 oil and natural gas wells have been drilled in New Brunswick since 1990. Tens of thousands of oil and gas wells have been hydraulically fractured in Canada over the last decade including in New Brunswick, Saskatchewan, Alberta

and British Columbia. Similarly, in recent years, hundreds of horizontal wells are hydraulically fractured each year in Canada. In New Brunswick, 49 wells have been stimulated by hydraulic fracture without incident. There are currently 29 natural gas wells producing in the Sussex area and 18 oil wells in the Stoney Creek area.

The University of New Brunswick studied groundwater and water wells near the producing McCully field and found no evidence that petroleum activity affected water quality. The study was released by the Geological Survey of Canada in 2013 and concluded, “there is no indication that development and production at the McCully gas field has affected water wells.” The experience in this region is similar to that experienced throughout Canada; that hydraulic fracturing can be conducted safely and responsibly.

In August 2014, The Nova Scotia Hydraulic Fracturing Review Panel issued its report to the government of Nova Scotia. Three days later, the government of Nova Scotia announced its plan to introduce legislation to ban the use of this technology by instituting a moratorium on hydraulic fracturing. This was not the recommendation of the Panel, which in part, concluded that all of the major risks (including those affecting well bore integrity, water and seismic) could be managed. The ban was subsequently put in place. In December 2014, the New Brunswick government followed suit and introduced a moratorium shortly after. Five conditions were outlined under which the moratorium could be lifted.

It is necessary for natural gas to be a part of a healthy and robust mix of options to provide affordable energy in our future. Natural gas will be a part of that mix in the future whether it

comes from our own natural resources or the natural resources in another jurisdiction. The difference is that without indigenous supply, we will buy that natural gas from other jurisdictions. We will buy that natural gas at higher prices because of the added transmission cost. We will pay another jurisdiction the royalties and taxes generated by their natural resource development. We will support jobs in another jurisdiction instead of our own.

In Canada, wide natural gas usage has grown significantly since the mid-1950's. The same has occurred in the United States. Natural gas in most domestic and commercial applications is the fuel of choice. In US and in other world markets it is being positioned as the transition fuel of choice to a lower carbon or renewables based energy market. In the Maritimes, broader natural gas distribution is relatively new. It occurred in the early 2000's as a result of the delivery of Sable Island natural gas into the marketplace - the majority of which was consumed in the US Northeast. Over time, increasing amounts of natural gas were being consumed by customers in the Maritime Provinces. Today upwards of 200 MMcfd are being consumed in the Maritimes from an offshore NS and onshore NB supply base that is in decline. The total average to date is in the 300-500 MMcfd range. Natural gas is increasingly flowing now into the Maritimes market from either western Canada or from the mid-Atlantic area of the US. The latter supply is from the Marcellus Basin discovery all of which is being produced by the utilization of hydraulic fracturing technology. At this point, unless something dramatically changes, replacement of our indigenous natural gas supply would primarily come from these supply markets with most of it being produced from a horizontal hydraulically fractured process.

The Maritimes Energy Association spoke at the Energy Interdependence in the Western Hemisphere Conference by the Global Interdependence Centre on November 5<sup>th</sup>, 2015 in Philadelphia, Pennsylvania. We witnessed a very different reception towards onshore development than here in the Maritimes. Industry and government are more than excited about the positive impact that shale development has had on their state and surrounding markets. Energy-related job creation and economic activity has been nothing short of amazing. They are quickly becoming a new hub for energy moving the benchmark upwards from Texas. The majority of the gas being produced in the area is now moving into Ontario and Quebec and the Maritimes as well as into the upper Northeastern United States displacing gas from more western sources. It is without a doubt a game changer.

We also had the opportunity to hear Dr. John Cherry (Chair of the May 2014 Council of Canadian Academies report “Environmental Impacts of Shale Gas Extraction in Canada”) at a New Brunswick Anti-Shale Gas Alliance meeting held in Fredericton on November 17, 2015. We have heard from Dr. Cherry on past occasions and through questions asked of him, we have attempted to provide the reasoning for a different point of view. In short, respectfully, we do not agree with most of the positions being put forward and do not feel that a vocal minority group represents all New Brunswick residents.

In conclusion, onshore petroleum resource development, and in particular natural gas development is an important part of our energy mix. It is not the only part, but it is an

important piece of a mix that includes our renewable and non-renewable energy resources. Finding the solutions to enable safe and responsible development in New Brunswick is within our reach. Strong leadership is required to see beyond a vocal minority. Education and information is needed to allow the public in the Maritimes to better understand what occurs with resource extractive industry development. Industrial development, similar to life, has risks and there are no guarantees. We believe that the risks associated with the use of hydraulically fractured technologies can be managed effectively under appropriately regulated frameworks - no different than in other Canadian jurisdictions. Organizations such as the New Brunswick Responsible Energy Development Alliance are providing fact-based information that is required to allow for informed decisions. Our hope is that the New Brunswick and the Nova Scotia governments of the Maritimes can see the benefits and positive economic impact that it could have on their region when their onshore oil and gas resources are allowed to be recovered in a safe and responsible manner.

Sincerely,

Ray Ritcey  
*CEO*  
*The Maritimes Energy Association*  
*(902) 717-5483*