

## CASE STUDY BACKGROUNDER

### Oil and Gas in the Gulf of St. Lawrence

- Recently, proposed oil and gas exploration activity (both seismic testing and drilling) has become a leading issue in Gulf politics and has drawn sustained civil society opposition
- The regulatory system divides the Gulf into federal-provincial joint management areas for Canada-Nova Scotia (1982), Canada-Newfoundland (1985) and Quebec (2011)
- By contrast to the deeper waters of the Atlantic continental shelf, the issuance of permits for sites in the Gulf of St. Lawrence imposes environmental risk threats to coastal margins as well as aquatic ecosystems
- This has created a pan-Gulf network of NGOs which, by highlighting environmental uncertainties, has succeeded in blocking exploratory drilling to date

Petroleum is a resource whose politics has touched almost all shores of the Gulf in the last generation. Despite the fact that neither a barrel of oil nor a cubic meter of natural gas has yet flowed from subsea sediments in the Gulf, intense controversies have broken out on the Nova Scotia, Newfoundland and Quebec coastlines.

The notion of a 'petroleum cycle' is a useful framework for understanding the development of offshore politics. Regulatory authorities recognize both the high costs and risks associated with exploratory activities and as a result, the fee structure and licence terms are broadly incentivist. Once discoveries are made and commercial exploitation is sanctioned by corporate sponsors, a separate regulatory structure applies. Complex platform structures and more elaborate infrastructure are required and the detailed examination of project plans begin. A third phase kicks in when oil and gas begin to flow, and this can continue for years or decades depending on reservoir capacity. When commercial operations are exhausted, a fourth and final phase begins – de-commissioning the production apparatus and dismantling fixed works.

Measured by the historical standards of global offshore petroleum, which now embraces virtually all of the world's oceans, two features stand out in the Gulf of St. Lawrence. First, with only eight wells drilled, it remains an unexplored basin. Second, geological 'prospectivity' is an elusive but critical factor in determining capital investment. A single substantial find can alter industry psychology in fundamental ways and turn a backwater basin into an international petroleum play.

When the industry turned its gaze offshore in the late 1960s, administrative authorities incorporated familiar land regimes, with little acknowledgment of the added complexities of marine settings. This was broadly the case for the continental shelves off BC, NS and NL.

It was soon clear that marine petroleum was *sui generis*. The Santa Barbara well blowout of 1968 contaminated California beaches along a 200-mile front. This had a direct role in the adoption of offshore drilling moratoria in emerging U.S. basins on the Pacific and Atlantic coasts (including British Columbia). In Florida, for example, there could be no permitting until at least three years of baseline marine studies were completed. However, in petroleum-intensive regions like the U.S. central gulf coast, questions of environmental impact were absorbed into existing practice, underlining the contrast between political cultures in greenfield and brownfield petroleum economies.



## ENVIRONMENTAL GOVERNANCE IN THE GULF OF ST. LAWRENCE

When explorationists returned to the Gulf, there were three crucibles of political mobilization. In 1999 the junior oil firm Corridor Resources Inc. bid successfully for exploration licence 2368 in waters off the west coast of Cape Breton Island. This precipitated an intense political resistance from fisher and on-shore interests, a campaign that is explored at greater length below. Ultimately that licence was surrendered without drilling. Meanwhile, Corridor shifted its focus to a prospect in the deep waters of the Laurentian Channel, at a point almost equidistant from Nova Scotia, Newfoundland and Quebec. When the Province of Quebec froze its licence application, Corridor re-filed with the Canada-Newfoundland Offshore Petroleum Board for the site known as 'Old Harry'. Since 2008 this application has been undergoing environmental assessment without full resolution. A third exploration controversy took hold in the northern Gulf. Here federal and provincial authorities faced calls for an offshore moratorium. The province took the lead and commissioned a public review of seismic environmental activity, setting off an extended period of policy debate on offshore regulatory responsibilities (Devost 2015; Turmel 2011).

As a result of these the new oil and gas controversies, new spatial communities of interest sprang up across the Gulf region. For each of the three cases, associations can be plotted by home or headquarters communities. One striking finding is that while a modest number are based in metropolitan centres, by far the greatest number are located within the Gulf region. Figure 1 captures this dimension. In the case of the 2001-02 Cape Breton Inquiry, the area of geographic density reveals Halifax and Cape Breton as modal centres but includes modest numbers from other provinces. In the case of the 2004-05 BAPE sismique in Quebec, the area of geographic density shifts to the St. Lawrence north shore and the Gaspé, with the greatest concentration in the Magdalen Islands. Finally, for the west Newfoundland SEA of 2008-12, the distribution is far less narrow. Here representation can be seen from all shores.

### Reflections

It is not coincidental that public environmental protests began to build in the late 1990s when exploration permitting began to be challenged. This was accentuated by the inevitably near-shore location of Gulf oil and gas work sites. It was also magnified by the socio-cultural shape of the Gulf shorelines, whose relatively intense habitation is captured in hundreds of towns and villages. The sense of a legitimacy deficit pervades the past two-decade period in the Gulf petroleum sector.

Evidently the policy network is in flux. It began as a classic clientele network that linked petroleum producers to crown regulatory managers. The core decision processes were contractual and administrative, with significant discretion vested in state officials. While environmental planning was acknowledged within this regime it was severely underdeveloped in the exploratory phase of the industry cycle.

The policy network came under increasing challenge from the mid-1990s. Non-core interests began to challenge the rules and procedures, arguing that a far broader constituency had a stake in petroleum activities. Consultative channels within the existing regimes, such as the s.44 powers of public inquiry, were triggered in response to Corridor's west Cape Breton licence. New participative channels were imported into the petroleum regime, with the 1995 *CEA Act* and the addition of east coast oil exploration to the CEAA trigger lists. This vastly enhanced the status of environmental discourse in licencing matters. Voices which traditionally played little role found an outlet for their expertise and their organizational capacity. The result is a dual network that combines clientelistic and advocacy dimensions. The classic clientelism of oil and gas administration has been replaced by something new. To be sure, it is an unsteady blend, weighing and blending contradictory pressures.

ENVIRONMENTAL GOVERNANCE IN THE GULF OF ST. LAWRENCE  
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Figure 1: Seismic Testing in Gulf of St. Lawrence

