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Newfoundland and Labrador's Energy Sector to Sustain the Provincial Economy for Generations to Come

Newfoundland and Labrador's rich supply of energy resources continues to solidify the province's position on the international stage as one of the most recognized energy warehouses in North America while helping to transform the province into a hotbed of economic activity.

"As we reflect on what industry has helped us achieve as a province and the important benefits it provides to our economy and residents, it is apparent this has been a tremendous year for Newfoundland and Labrador's energy sector," said the Honourable Jerome Kennedy, Minister of Natural Resources. "The responsible development of our non-renewable and renewable resources has helped to enhance our province's long-term economic stability and energy security, and we are able to look ahead to future opportunities for continued growth and development."

The oil and gas industry is one of the main fiscal drivers of the provincial economy and represents just over 30 per cent of Gross Domestic Product. The industry provides meaningful employment for approximately 5,000 women and men, and further supports over 500 service and supply firms with expertise in a number of areas including research and development, ocean technology, ice management and detection. The province produces nearly one third of Canada's conventional light crude and is home to four producing offshore oilfields with Hebron poised for development. With a collective total of 2.8 billion barrels of discovered crude oil reserves, these fields represent approximately 80 per cent of the province's total estimated discovered resources to date.

Construction of the Hebron Gravity Based Structure (GBS) in Bull Arm officially started in October 2012. The project will help to ensure continuity of production in Newfoundland and Labrador's offshore while contributing significantly to provincial royalties, research and development activity, and employment and business opportunities.

Exploration drilling is expected to continue in the Flemish Pass Basin, the Orphan Basin, the Jeanne d'Arc Basin and in Western Newfoundland. The province has a healthy portfolio of outstanding work commitments of approximately \$1 billion with additions over the past five years amounting to \$758 million. Results of the Canada-Newfoundland and Labrador Offshore Petroleum Board's (C-NLOPB) 2012 Calls for Bids, totalling \$116,875,875, are the second largest work commitment results for the province since 2007 and demonstrate industry's interest in the province's offshore in many diverse areas.

The discovery of 102 million barrels of recoverable resources at the Mizzen field in the resource rich Flemish Pass Basin indicates the presence of an active petroleum system

outside the Jeanne d'Arc Basin where all the province's current producing fields are located. The find will help to encourage increased investment in largely unexplored offshore areas and will support further oil and gas activity.

Revenue generated from the development of the province's oil and gas resources has enabled Newfoundland and Labrador to reduce its public debt, secure a stronger credit rating, and establish a more secure fiscal position.

"In recognition of revenue fluctuations due to oil prices in the world marketplace, exchange rates and production rates, our government continues to be fiscally responsible in managing the revenues we receive from resource development," said Minister Kennedy. "By choosing to harness these revenues responsibly, we are focused on ensuring the growth we see today in our provincial oil and gas sector is sustainable for the long term and will allow our children and grandchildren to share in the many benefits this industry is bringing to our province today."

A central tenet in the provincial Energy Plan is the strategic investment of a portion of the province's non-renewable resource revenue into renewable energy infrastructure such as hydroelectric generation and transmission. In December, the Provincial Government moved forward with sanction on Muskrat Falls. Muskrat Falls will address increasing energy needs in the province, secure stable electricity rates for residents and businesses, support industrial development in Labrador, while providing important economic, employment and social benefits for the people of Newfoundland and Labrador.

"As identified in our government's Energy Plan, we will invest non-renewable resource revenue into renewable energy developments that will allow us to share the benefits of these valuable resources with future generations of Newfoundlanders and Labradorians," said Minister Kennedy. "This in turn will help sustain our province's position as a key player on the national and international stage and ensure a strong and prosperous energy future filled with economic and employment opportunities for the people of Newfoundland and Labrador."

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