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Black Spruce takes the reins in western N.L.

Company wants to settle discussion on fracking

The sounds of construction — hammering, buzzing and drilling — interfered with the TV cameras and radio recorders, causing Black Spruce Exploration's CEO Dave Murray to start and stop in his responses to reporters Tuesday afternoon at the St. John's Convention Centre.

Murray took all questions thrown at him, following a presentation to the Noia conference.

He patiently timed his responses between bouts of noise — offering up firm responses to questions on Black Spruce's plans for western Newfoundland.

Specifically, he spoke about the company's plans for hydraulic fracturing —fracking — of exploration wells.

The junior oil company wants to build the onshore and near-shore oil and gas industry in Newfoundland and Labrador, he explained.

Black Spruce Exploration has been gaining control over a large area, with a farm-in agreement with Shoal Point Energy, an agreement with Ptarmigan Energy to acquire access to more than 1.2 million acres offshore and a letter of intent signed with Enegi Oil for a farm-in on its holdings. The agreements would mean Black Spruce would take the lead in exploratory drilling.

Murray confirmed his company has not filed any project for environmental assessment at this point. That paperwork is a first step towards actually drilling and fracking a well.

"It's been started. It hasn't been filed," he said.

Black Spruce has settled into taking the process step by step and is prepared, he said, to take on a review of its fracking plans as an educational opportunity for the people of the province.

The provincial government is still welcoming proposals for onshore drilling, but has been resistant to settling the debate over whether or not it would bring in fracking-specific regulations for the province.

CEO not fazed by political battles

Premier Kathy Dunderdale told reporters she is not going to commit to making no changes to the current regulations.

Natural Resources Minister Tom Marshall has said he plans to travel to Saskatchewan to see onshore and fracking work up close.

There was work on about 2,000 tight oil wells with fracking being applied in that province last year, according to president of the Canadian Society for Unconventional Resources Kevin Heffernan, who also presented at the Noia event.

Heffernan said wells are drilled in half the time and can produce four times more than as recently as 2006. It is also an industrial operation that is being completed elsewhere in the country in a controlled manner and without damage to local water supplies — attempting to dismiss a common argument against fracking.

The statements by Heffernan were nothing hardline anti-fracking groups and those pressing for fracking-specific regulations — including members of the province's Opposition parties — haven't heard before.

Murray said he is not fazed by the ongoing political battles and current lack of regulatory certainty.

"There's not concern, there's just not specifics. So it's really hard to comment when there are no specifics, to respond to them and so we just have to do our best to respond to all the guidelines that are in place and if other rules and regulations come out, to respond to those as and when they come out," he said.

And that is part of how the company plans to make it work in western Newfoundland — with disciplined communication.

"We have people with the pockets to take the risk that's appropriate, that's necessary in these types of startup operations. We also have the discipline to (act) and operate like a big company and not like small companies which often lack discipline, make mistakes in the public realm and other areas," he said.

He would not comment about a recent misstep by Shoal Point Energy, wherein the company was forced to retract false statements

made in a news release.

Instead, he said the Black Spruce board and management team have worked on drilling programs in Colorado, North Dakota, Texas and Pennsylvania, to name a few locations. The team, he suggested, is ready to handle whatever comes directly to its own door.

The regulatory review of its plans in Newfoundland has not begun, but the Black Spruce team is already going out on a financial limb in preparing for work. Murray said a drilling rig is under retrofit for the company in Houston, Texas.

He said the company now has some more conventional oil targets and work could begin on exploration in those cases in the October time frame. "But that's not going to be up to us. It's up to getting all of the approvals," he said.