

## Sitting on it

By Clare-Marie Gosse (St. John's)  
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Oil aside, Newfoundland and Labrador has a promising natural gas market waiting in the wings to follow behind the four major offshore oil projects in or preparing for production.

Doug Bloom, president of Maritimes and Northeast Pipelines, tells The Independent the province's untapped gas reserves — estimated to be at least four trillion cubic feet — have “great potential.

“The U.S. northeast is really the most attractive gas market in the United States,” he says, “very high prices ... from a Newfoundland perspective you're relatively proximal to probably the hottest gas market in the U.S. northeast and if you can find a way to make the technology, commercial and economic, to develop the resource, there's a very ready market there to take it to.”

Bloom visited St. John's recently to address the Newfoundland Ocean Industry Association's annual oil and gas conference. His company, Maritimes and Northeast Pipelines, currently operates gas pipelines through Nova Scotia, New Brunswick, Maine, New Hampshire and Massachusetts.

The operators of White Rose, Hibernia and Terra Nova recently expressed an interest in discussing gas development options and Bloom says his company is “certainly eager to work with the players.

“Hopefully it will get commercialized.”

Since the 1990s, gas prices have more than tripled from \$2 per million BTU (British thermal units), to close to \$8. Due to market demand, Bloom estimates half of the future gas supply over the next 10 to 15 years will come from currently untapped resources.

He says Newfoundland and Labrador probably won't start gas development until 2010. Currently, White Rose and Hibernia are thought to have the largest gas reserves.

“The cycle time for these kinds of developments is pretty long. You've got massive investment, you've got drilling, you've got development plans and then development strategies that probably would differ a little bit between the oil developments here, so I think it will take a little bit of time to work that out.”

The biggest challenge facing the province's offshore gas resources is transportation. An offshore pipeline can cost in the region of \$1 million a kilometre to build.

Bloom says there have been discussions around the possibility of harnessing compressed

natural gas, which is considered an environmentally cleaner method and can be stored and distributed in hard containers.

“It’s new, it’s not really commercial yet, it looks like it could be a good solution; you could certainly build a pipeline. There’s some technical issues to deal with there and you’d have to be comfortable that you had a large enough reserve to justify the cost of building an underwater pipeline — even a small scale LNG (liquefied natural gas operation) is possible.

“So I think those are the kinds of things producers are going to have a look at. How can we develop and transport this gas to interconnect into the North American pipeline grid? And that’s where our company comes in.”

Bloom couldn’t speculate on the potential rise in gas prices by the year 2010, or the current worth of the province’s untapped resources.

During The Independent’s cost benefit analysis of Confederation conducted last fall, market prices suggested Newfoundland and Labrador currently sits on at least \$150 billion.