

North

Feds extend restrictions on Arctic offshore drilling

N.W.T. MLA wants restrictions ultimately lifted, but one analyst predicts it won't actually matter

[Natalie Pressman](#) · CBC News · Posted: Jan 02, 2023 2:00 AM MST | Last Updated: January 2



In this July 16, 2017, file photo, ice is broken up by the passing of the Finnish icebreaker MSV Nordica as it plies the Beaufort Sea off the coast of Alaska. Federal restrictions on Arctic offshore drilling were set to lift in 2023, but they've now been extended. (David Goldman/Associated Press)

A federal suspension of Arctic oil and gas work was set to lift in 2023, but the government of Canada said the order has now been extended.

In 2016, the Government of Canada [announced a ban](#) on issuing new offshore oil and gas licences in Canadian Arctic waters. The federal government made that decision unilaterally and declared the moratorium indefinite.

In response, the premier at the time, Bob McLeod, issued a ["red alert"](#) accusing the federal government of being "patronizing" and "colonial" — and bypassing local government.

In 2019, the feds expanded those restrictions and prohibited any kind of oil and gas work on offshore Canadian Arctic waters. That legislation says those restrictions will be repealed on Dec. 31, 2022 but Crown-Indigenous Relations and Northern Affairs Canada (CIRNAC) said in an email that it was committed to extending the 2019 prohibition order for as long as the 2016 moratorium is in place.

A federal spokesperson later said in an email that the order was extended in mid-December.

Jackie Jacobson, MLA for Nunakput, the N.W.T.'s northernmost electoral district, said he wants the moratorium lifted — to create jobs for his constituents.

"We need employment," he said. "Right now people are really suffering in regards to work."



Nunakput MLA Jackie Jacobson says he wants to see the moratorium lifted to create more jobs in the Beaufort-Delta region. (Sara Minogue/CBC)

Jacobson grew up in Tuktoyaktuk and remembers the oil boom of the '80s.

"I seen how people were able to work, make a choice, get what they wanted."

The last major project that brought work to the region, he said, was the four-year Tuk-Inuvik highway project that ended in 2017.

"Now it's like, we're just destitute," Jacobson said.

"We have to be more proactive in pushing the federal government."

Industry approaching its peak

Energy analyst Doug Matthews said whether the government lifts restrictions on Arctic drilling won't matter.

"Nobody needs the oil," he said.

Matthews said the market is expected to reach its peak before companies would be able to bring Arctic oil to market, even if they started drilling tomorrow.

"Whether that peak demand is in three years or five years or 10 years, it's coming," he said. "If one were looking to drill in the Beaufort, production would be at least 15 years away."

The International Energy Agency backs up that view. Its [2022 report](#) predicts that natural gas demand will plateau by the end of the decade and that rising sales of electric vehicles mean that oil demand will also level off by the mid-2030s.

The agency forecasts that by the mid-2020s, total demand for fossil fuel will decline by about 348 million barrels of oil per year, or two exajoules, until 2050.

That means companies would be producing oil into a declining market.

"No company in its right mind is going to do that," Matthews said.

Responding to claims that lifting the order won't bring jobs to the Beaufort-Delta, Jacobson said that's a decision for the oil companies.

"Once the moratorium is lifted, well, I guess we'll see," he said.

"If they come and drill, they come and drill. If not, it's everybody's choice to do that, but at least the moratorium is lifted and it gives us an opportunity to go as leaders with our government to meet with the Conocos, the Essos and the companies that have land leases up there."

According to Jacobson, the last time a company drilled in the region was Devon Energy in 2006 with its Paktoa well project — leaving a decade between any new wells and the federal moratorium on issuing new licences.

Balancing economics and environmentalism

Matthews also pointed to rising environmentalism as a reason companies are unlikely to drill in Arctic waters.

Something Jacobson said creates a catch-22 for his beliefs. He'd like to find a balance between the development of natural resources and the conservation required to preserve the Inuvialuit way of life.

"We live off the land, we use resources off the land and in our oceans, but there's gotta be a way."

He also believes the technological know-how exists to handle potential oil spills.

- [Trudeau announces review of Arctic strategy, joint drilling ban with U.S.](#)
- **VIDEO** [N.W.T. premier issues 'red alert' on 'colonial' attack on territory's oil and gas future](#)

The feasibility and environmental impact of Arctic offshore drilling is the subject of a science review commission by the federal government.

A spokesperson for CIRNAC said the department co-developed the review with northern partners and that the review committees are now looking at engaging Northern communities on the report's findings and next steps.

Premier Caroline Cochrane said she hopes to see the results of that review by early 2023.



N.W.T. Premier Caroline Cochrane said that negotiations on the federal restrictions are ongoing and that she hopes to see the results of the federal science review in early 2023. (Mario De Ciccio/Radio-Canada)

Like Jacobson, Cochrane would also like to see more jobs in the territory's northernmost region.

"If you're going to take away jobs from the Northwest Territories you need to look at how you're going to supplement that," she said. "Every person deserves an opportunity to access work."

Cochrane said that she hasn't formed a personal opinion on whether she wants to see the restrictions ultimately lifted, but said that negotiations are ongoing and that collaboration between governments and northerners is the most important thing.

"I think the ideal outcome for the Northwest Territories is: nothing about us without us," she said.

"Any decision that's made about anything in the Northwest Territories needs to be done with the GNWT and the Indigenous governments."

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