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# Refining the future?

## Province won't put up roadblocks to good ideas

By **KIRK SQUIRES**

"Quite frankly everything is doable."

That's Premier Danny Williams take on whether a second refinery can be built in this province.

"If you have the right concept, if it something that is profitable and makes money you can get people to invest in it.

"My opinion, when it comes to energy, is the sky is the limit. There is no challenge that we won't take on. When we get down to it there may be market conditions that might affect the outcome but a feasibility study will do exactly that and tell us what the components are. Quite simply the sky is the limit from my perspective when it comes to developing Newfoundland and Labrador."

Williams and Natural Resources Minister Ed Byrne last week announced a private company, Newfoundland and Labrador Refining Corporation, has begun a study

to determine whether a new oil refinery, located in the upper Placentia Bay area, is feasible.

"We are very excited with this feasibility study which has tremendous economic implications for the province," says Williams, whose government has frequently talked about a need to expand refining capacity in the province.

He calls the company's decision to spend U.S. \$7 million on a feasibility study a demonstration of their confidence in the potential for further capacity.

"We know there is tremendous potential to expand and develop many areas of our resource industries, including the oil and gas sector," says Byrne. "Worldwide, oil refining capacity needs expansion, and Newfoundland and Labrador is a prime location for a new refinery. With our province's oil and gas expertise and growing industry, expanding our oil refining capabilities will further enhance and strengthen the sector."

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# Province won't put up roadblocks to good ideas

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## Why not?

In an August interview with the **Packet** oil industry analyst Bill Simpkins revealed that in order for a refinery to be competitive it would have to produce approximately 300,000 to 400,000 barrels per day. The cost of such a facility is in the \$2 billion range.

Williams is confident investors won't shy away from that cost.

"These are mature successful investors from Newfoundland and Labrador and Europe. They are not going to go into something that is not going to give them a return."

Williams says what he does find difficult is why people want to find reasons not to do it.

"I am saying we can do it, let's get it done. I am sure when the Upper Churchill was done there was lots of negativity but if you take that approach and that attitude, nobody will embark on anything. I have come across people like that in business whereby I put proposals to them and the first thing was to be negative. I am looking at the positive. A feasibility study will determine whether it is profitable."

"I am going in a positive note," says Williams.

When asked if government will have a role to play in the feasibility study in terms of environmental regulations and the Atlantic Accord provisions Williams says, "We are there to provide whatever information and cooperation we can in order to proceed with the study.

"I am not going to throw a pile of hurdles and roadblocks in front of a group of people who are finally going to come in here and do some secondary processing. Every day I am out there saying we need more secondary, more tertiary processing, whether it's in relation to INCO's development of Voisey's Bay or the offshore. Now we have somebody who is seriously looking at it and I am saying we are there to help you move forward."

If the feasibility study does deem a second refinery is viable the federal government will have to be brought into the mix to deal with the Atlantic Accord provisions. Williams suggests the province's position in that regard is much better with a Conservative government in Ottawa.

"The track record of success for oil and gas development in this province has been very good with Joe Clark and very good with Brian Mulrooney. So the track record with Conservative governments is good. The Liberal governments have generally been prohibitive, with the exception of the Atlantic Accord which we fought so hard for over the course of the last year.

"I am optimistic if we are doing things that are going to create employment in the province and give a good industrial base that Stephen Harper, Loyola Hearn and all federal MPs will be solidly behind it. I have no reason to believe otherwise."

## Product

As for whether or not a second refinery will process Newfoundland crude Williams says he is not particular.

"I want to see it refine whatever works for it to make it successful and profitable. I wouldn't restrict it.

"The idea and incentive which generated this is we have these huge resources off our coast. They are accessible. Let's bring them ashore and refine them here instead of them being shipped to New Brunswick and other refineries in North America. It makes sense to land them close to home so we can get the secondary processing. But if the refinery saw a better market for Venezuelan oil or Arabian oil, I am fine with that."

He also says he is not looking for another refinery to be in competition with the North Atlantic facility in Come By Chance.

"I want something that's a complete new product that is taking different resources and developing them. They (North Atlantic) have a great operation .. and I want to see that refinery expand."

Analyst Bill Simpkins, in last summer's interview, said, "These (refineries) are not things that will be built for political reasons. They will be built based on economics."

Williams agrees.

"Oil refineries are not built on politics and I wouldn't attempt under any circumstances to put up an albatross that was only related to politics. We have a lot of good things happening in this province and I am looking at successes not failures. This is strictly economically driven because the opportunity is there.

"The problem is if we don't seize the economic opportunity, someone will take it to other provinces. Rest assured New Brunswick, Nova Scotia or the United States will take the employment if they can get it.

"We have to be aggressive and we have to go after it. We are sitting on a goldmine of energy resources here and I want to make sure we milk every cent and job out of it that we possibly can."