

# Bad Luck Recently for Petro-Canada

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Petro-Canada has had an eventful few weeks, with an oil spill, two shutdowns and a \$290,000 fine.

In the latest of a string of setbacks, Petro-Canada announced on May 9<sup>th</sup> that production at the Terra Nova FPSO (Floating Production Storage and Offloading) will be stopped and will not return to normal until fall. The shutdown is due to a mechanical failure that took place on May 7<sup>th</sup>.

Petro-Canada had planned to shut down Terra Nova in June for maintenance, but it will now be out of production longer than expected. Production at Terra Nova will be reduced to only five months total this year (Cattaneo 2006: par 7), and some people are worried about the economic effect this will have on the province. Since less oil will be produced, fewer royalties will be collected by the government. Newfoundland and Labrador's finance minister claims that the recent shutdown could cost the province between 60-100 million dollars in royalties (Cattaneo 2006: par 9). Another concern is the effect the shutdown will have on the onshore businesses that provide Terra Nova with items such as food and office supplies. Each year, 300 million dollars are spent to equip Terra Nova with these types of goods (CBC 2006: par 4).

This most recent shutdown took place only days after the completion of a previous shutdown. Production at Terra Nova was stopped for ten days on April 24<sup>th</sup> as the CNLOPB (Canada-Newfoundland Offshore Petroleum Board) investigated a spill of 3-4 barrels (480-640 liters) of oil. Production resumed on May 3<sup>rd</sup>.

Also on Petro-Canada's plate recently is a fine for a 170,000 liter oil spill that took place in November, 2004. Terra Nova was shut down for about three weeks while the incident was investigated by the CNLOPB. Charges were laid in July, and Petro-Canada received its fine of \$290,000 at the beginning of May. This fine represents the biggest thus far for a pollution case in Atlantic Canada.

While the last few weeks have proved full of roadblocks for Petro-Canada's Terra Nova facility, it seems that this might be more than just a fluke. Production at Terra Nova has been stopped five times in the past two years for up to 26 days at a time (Cattaneo 2006: par 3). Since it seems that the oil industry is an integral part of the province's economic well being, and that shutdowns of the platforms can happen frequently and unexpectedly, perhaps the province should be a little more prepared for them. Perhaps it should also use this opportunity to prompt questions about what will become of the province economically when the oil finally runs out.

## References

- Cattaneo, Claudia. 2006. "Petro-Canada's woes grow." in *The National Post*.  
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