

Businesses ready for Hebron to heat up

Oil and Gas

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Jerry Byrne could barely contain his excitement minutes after the Hebron oilfield agreement was signed between the province and the oil companies Wednesday.

The president of DFB Group said he's already expanded his business's capacity so it can be ready for the anticipated boom.

"I'd say it's a watershed day for the province, without a doubt," he said.

Byrne said the long-term prospects of the deal, expected to pump more than \$20 billion into the province over the life of the project, will mean businesses and people here can bank on a more prosperous future.

"This is not only the Hebron project itself, but it's the beginning of a sustainable industry here. Now, rather than asking people to come home for one project, we can say 'Come home for a career and retire in Newfoundland and Labrador where you grew up.'

"I think we have some wonderful abilities now to bring people home that we never had before."

That ability to draw back expatriate Newfoundlanders and Labradorians may be critical, considering the massive amounts of work expected to be done in the province. And if people in the province can't get the work done, some of it might be contracted to outside companies.

Part of the deal includes a caveat allowing topside modules for Hebron, which are supposed to be built in the province, to be built elsewhere if not enough workers or facilities are available here.

Asked whether he thinks businesses will have trouble paying competitive salaries to attract workers from places such as Alberta, Byrne said the industry here is ready for the challenge.

"Bring it on. I have no problem with that. We've been way too long not charging enough for our work. Companies like us are getting a pittance compared to what we should get. And we'll get more money and be able to pass it on to our workers."

Geoff Cunningham, manager of offshore operations for A. Harvey Group of Cos., said the news will likely also mean more business in the future for his company.

"We have the shore based facility at the (St. John's) waterfront and, naturally, when the rig arrives to support Hebron, we will be servicing that operation and it will absolutely affect our operation. We will have more activity, more vessel activity," he said.

Cunningham also said the fact oil is not expected to flow until 2016 at the earliest allows companies like his some time to prepare for when Hebron starts in earnest.

"We won't be unlike a lot of companies. There may be infrastructure changes, equipment purchases, etcetera, and the more lead time you have to make good, sound decisions, the better off you are. I think the next couple of years will go pretty quick."

Robert Cadigan, president and CEO of the Newfoundland and Labrador Oil and Gas Industries Association, said the announcement is one of the biggest the province has ever seen. He expects business people and other workers start migrating to the province soon.

"There's a great deal of economic development around this project. We'll see very shortly people taking up more office space, people moving in," he said.

In addition to the expected profits for the province, Cadigan said a \$120-million commitment to fund research and

development in the province, included in the deal, is an important part of improving the oil and gas industry here.

"Research and development is very, very important, not only for academics and the university, but also in terms of innovation with individual companies."

Donna Stone, president of the St. John's Board of Trade, said the agreement means board members will now have more confidence investing in the province.

She said the work requirements will mean businesses here will have to be competitive in order to get workers. However, with what seems to be a solid oil and gas industry on the horizon for the next few decades, companies here are in a good position to attract workers.

Mike Graham, vice-president of the Marystown-Burin Area Chamber of Commerce, said he expects the shipyard in Marystown will get work, one way or another.

"If work from this (Hebron) doesn't go there, then work from somewhere else will have to," he said. Asked whether he's concerned that the province won't be able to find enough workers to build the topside modules, and therefore lose the work opportunity, he said he'd expect every possible avenue to get workers here would have to be exhausted first.

Ches Penney, chairman of Newfoundland and Labrador based Pennecon Ltd., said his company applauds the agreement.

"This is an exciting and significant day for our province and our growing offshore oil and gas industry, in which Pennecon Ltd. is proud to be a major player," he said in a release.

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