Chapter 4

ECONOMIC BENEFITS OF ARCTIC PETROLEUM DEVELOPMENT

A. Beaufort Sea-Mackenzie Delta Region

> *We feel that there needs to be a careful assessment of the socio-economic and environmental implications of any resource development project, and we are careful to try to launch studies in this area simultaneously with our engineering assessments. Our general concern is to try to maximize the benefits of developments while minimizing the negative effects.* **(Mr. K. Jesperson, NOVA, Issue 18:24, 2-3-1982)**

1. Introduction

The project sponsors assume that oil production will proceed at one of two rates, either at a high technically achievable rate, or an intermediate development rate. By the year 2000, the difference between these two forecasts in terms of oil production would amount to 80,000 cubic metres (500,000 barrels) per day (Figure 12). Although much of the project sponsors' impact analysis is based on the technically achievable rate, it is likely that the actual development rate will be lower. This prognosis is supported by NEB evidence before the Committee that production in the Beaufort Sea-Mackenzie Delta Region is not likely to proceed before the early 1990s.

Dome, Esso and Gulf have projected investment and employment benefits to flow from Beaufort Sea Region development but there are three reasons for believing that benefits will not be realized at the levels forecast. First, if the NEB is in fact correct in its assessment of when production will commence, the economic benefits to 2000 will be below those levels predicted for both the technically achievable and the intermediate development rates. Second, natural gas production is forecast to contribute benefits from the period 1990-92 as a result of the Dempster pipeline connection to the Alaska Highway Pipeline, a project which presently remains stalled.