

Move ahead with shale gas: PotashCorp GM

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Stewart Brown, general manager of Potash Corporation of Saskatchewan's New Brunswick division, speaks to the Saint John Board of Trade for their distinguished speaker series at the Delta Brunswick Hotel on Wednesday.

Photo: Kâté Braydon/Telegraph-Journal

SAINT JOHN – PotashCorp general manager Stewart Brown says New Brunswick needs to develop industry standards to move forward with shale gas exploration as a way to grow the economy.

“We’ve got a resource that’s available in the province; we have companies that can extract it safely, environmentally responsibly and we need to have clear and transparent regulations so

that those companies can move ahead and we don't have that yet," he said in an interview.

Speaking at a Saint John Board of Trade luncheon on Wednesday, Brown described the PotashCorp operation's reliance on natural gas and the need for local sources of the energy source in order for it to remain competitive. Energy represents about one-third of the company's costs.

"The ongoing development of natural gas is going to have a significant impact on our cost if it doesn't come forward on a timely basis," he told the Board of Trade. "Today, our natural gas requirements are getting met from McCully (field near Sussex) – going forward three to five years out, we're going to have significant problems."

In fact, Brown said the \$2.1-billion PotashCorp expansion to open a new mine at Picadilly, of which he spoke at length during the luncheon, probably wouldn't have happened had the company not had access to locally produced natural gas from Corridor Resources Inc.'s nearby McCully Field.

"The availability of local natural gas in the Sussex area through the McCully Field was certainly a big reason why that investment decision was made and if it wasn't available, I'm not sure that investment would have been made at that time," he said.

If shale gas exploration doesn't move forward, Brown said, it could result in higher energy costs for consumers such as PotashCorp.

"We need to continue to add to the resources there or have the ability to bring natural gas through the distribution system to the operation," he said.

Furthermore, Brown said that with the forestry and mining sectors not employing as many people in New Brunswick as they once did, there needs to be more emphasis on developing the province's natural resources.

"If natural resources are extracted responsibly, it would be good for the economy," he said.

Brown also addressed the uncertainty of world market prices for potash. He said going back to 2007 and 2008, the demand was such that there wasn't enough supply to satisfy that demand.

"If you look at the long-term market conditions, the expectation is that there will continue to be growth because there's going to continue to be a requirement for fertilizers in order to grow the food supply for the expanding population," he said. "So as a company, we would not invest the kind of capital that we have invested unless we could see the opportunity going forward to supply."

The idea, he said, is for PotashCorp to continue with the expansion it has been undergoing in New Brunswick since 2008 in order to meet the demand for potash in the coming years.

"The expectation is that growth will continue and we want to make sure that we're in a position as the growth in the market occurs, we have the ability to satisfy that marketplace," he said. "We will

only produce what is required to be produced based on market conditions.”

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