

Annual Report 2006/07

The **Canada-Newfoundland and Labrador Offshore Petroleum Board** regulates the petroleum resources in the Newfoundland and Labrador Offshore Area on behalf of the Government of Canada and the Government of Newfoundland and Labrador. The Board's authority is derived from legislation implementing the 1985 Atlantic Accord between the two governments.

The Board has a duty to require that:

- operators comply with their duty to conduct offshore exploration and production activities in a safe and environmentally responsible manner;
- management of offshore land rights takes place in an orderly way;
- assessments of the resource potential of the offshore area are completed on a timely basis;
- exploitation of the resource is conducted in accordance with good oilfield practice to optimize recovery and avoid wastes; and
- operators' contracting, procurement and employment decisions are consistent with their obligations.

The Board provides guidance to industry regarding regulatory requirements and encourages continuous improvement in practices that provide for worker safety and environmental protection.

Annual Report 2006/07

June 9, 2007

The Honourable Gary Lunn
Minister of Natural Resources Canada
Government of Canada

The Honourable Kathy Dunderdale
Minister of Natural Resources
Government of Newfoundland and Labrador

Dear Ministers:

Pursuant to Section 29 of the legislation implementing the Atlantic Accord, attached is the annual report, together with the financial statements, of the Canada-Newfoundland and Labrador Offshore Petroleum Board for the fiscal year ending March 31, 2007.

Respectfully submitted,



Max Ruelokke, P. Eng.
Chairman and Chief Executive Officer

Board Members

Max Ruelokke, P. Eng.	Chairman and Chief Executive Officer
Fred Way	Vice-Chairman
Herbert Clarke	Member
Lorne Spracklin	Member
Halcum H. Stanley	Member
Andy Wells	Member
Dr. Joan Whelan	Member

Senior Staff

John P. Andrews LL.B	Manager, Legal and Land and Corporate Secretary (709) 778-1458
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Wayne Chipman P. Eng.	Manager, Resource Management and Chief Conservation Officer (709) 778-1428
Dave Hawkins P. Geo.	Manager, Exploration (709) 778-1421
Sean Kelly APR	Manager, Public Relations (709) 778-1418
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Frank Smyth P. Eng.	Manager, Industrial Benefits, Policy and Regulatory Coordination (709) 778-1439

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Report from the Board

Message from the Chair and CEO



In 2006, total production was about 110 million barrels, with a value of \$8.2 billion and accounting for 12.6% of Newfoundland and Labrador's Gross Domestic Product.

From the Chairman

It is my pleasure to provide the 2006-07 Annual Report of the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB). This is the 22nd Annual Report and my first since being appointed for a six year term by the Federal and Provincial Governments as Chairman and Chief Executive Officer on October 26, 2006. Mr. Fred Way, who was re-appointed to the Board in 2005, was confirmed as Vice-Chairman by both the Federal and Provincial Governments on October 26, 2006 for the balance of his term. On September 11, 2006, the Provincial Government appointed Mr. Andy Wells as a part-time Board member for a six-year term, filling a vacancy created in 2004.

The C-NLOPB was created just over 20 years ago through the Atlantic Accord for the purposes of regulating the oil and gas industry offshore Newfoundland and Labrador. Pursuant to the legislation, the Board has four regulatory mandates: Resource Management, Operations and Safety, Environmental Protection and Industrial Benefits. Today, the Board regulates exploration licences, significant discovery licences, and production licenses covering an area of 6,284,726 hectares; an area about two-thirds the size of the island portion of the Province of Newfoundland and Labrador.

Board members met officially 11 times during 2006-07 and made eight Fundamental Decisions. Fundamental Decisions require the approval of both the Federal and Provincial Ministers in order to be implemented. The Hibernia South Decision Report was approved by the Federal Minister; it was not approved by the Provincial Minister and therefore, could not be implemented. At March 31, 2007, Ministers had not advised of their decision respecting the Board's White Rose Decision Report. All other Fundamental Decisions were approved by both Governments.

Petroleum companies have cumulatively spent more than \$21.5 billion in exploration and development. The offshore oil and gas industry has become the largest single industrial contributor to the provincial economy. In 2006, total production was about 110 million barrels, with a value of approximately \$8.2 billion, accounting for nearly 12.6% of the province's Gross Domestic Product. Since production commenced in 1997 provincial GDP has grown by 50%, with 36% of the growth attributed directly to the oil and gas sector. At the end of 2006, the oil and gas sector directly

employed 2,837 persons, which was almost 1.3% of total employment in the province. Indirectly, through spin-off effects, the industry accounted for almost 3.9% of total employment. Work expenditure commitments by operators currently total over \$816 million in future exploration activities. The ongoing operational expenditures of the industry are about \$1.3 billion per year, of which 55% occurs in Newfoundland and Labrador and a further 23% in the rest of Canada. Last year the industry accounted for more than 20% of total capital investment in the Province. Offshore oil and gas is a growing multi-billion dollar a year industry. One consequence of this for the Board is that it presents recruitment and retention challenges in a very competitive environment, which might also be viewed as a credit to the capabilities of a highly skilled and well trained staff.

Since production began offshore Newfoundland and Labrador in November 1997, over 750 million barrels of crude oil have been produced. Apart from some releases of food-grade synthetic oil used in drilling fluid and a single crude spill of about 1,000 barrels, only 69 barrels of oil of all types has been spilled by offshore activity in our area. The C-NLOPB maintains the goal of having a spill-free environment despite the hazards of working in one of the world's most challenging locations in terms of harsh climatic conditions.

In 2006-07, there were 29 injuries reported in more than 4.38 million person-hours of work. The C-NLOPB will continue to strive for safety improvements in the offshore oil and gas industry and will continue to encourage employers and workers to work cooperatively towards an accident free workplace.

This year marked the 25th anniversary of one of the worst marine disasters in Canadian history and one that





C-NLOPB Board of Directors (Seated left to right): Andy Wells, Herb Clarke, Fred Way, Max Ruelokke, Joan Whelan, Hal Stanley, Lorne Spracklin

deeply touched the lives of many people in the Province. On February 15, 1982, during a severe winter storm, the semi-submersible drilling rig, Ocean Ranger, sank on the Grand Banks taking with her the 84 crew. This tragic event had a profound impact on safety offshore Newfoundland and Labrador. The key findings of the Royal Commission into the loss of the Ocean Ranger became the basis of the current safety regime for the Newfoundland and Labrador offshore area and have been adopted by the C-NLOPB.

The Board continues to seek ways to evaluate and improve the effectiveness and efficiency of its operations. The Board is currently engaged in a program review initiative based on an independent assessment of its procedures and practices by the Norwegian Petroleum Safety Authority and Norwegian Petroleum Directorate, world leaders in the regulation of offshore petroleum activities. We will be proceeding with implementation in 2007-08. As well, staff provided liaison and support services to a communications consultant's study of the interface between the C-NLOPB and offshore operators to develop a communications protocol that would provide maximum clarity, efficiency, and effectiveness at all levels of discourse. The Board has begun to work with offshore operators to address many of the issues and challenges identified in the consultant's report.

The Newfoundland and Labrador offshore oil and gas industry is mature and should continue to grow; and as it does, it will become even more complex with the development of deep-water drilling technology and innovative production equipment and practices. Since 1986, the C-NLOPB has been challenged continuously to learn and grow with the oil and gas industry in order to fulfill its legislative regulatory mandate for safety, environmental protection, resource management, and industrial benefits.

The Board has an active public information program whereby information that can be released is available through our library, our web site, or may be available upon request. In addition, the Board encourages offshore operators who do not have such legislative

constraints to be as pro-active as possible in providing information to the public on a timely basis. In 2006-07, public relations staff initiated a process to restructure the C-NLOPB web site to ensure the information posted on the site is readily identifiable and accessible. This work will continue into the coming year.

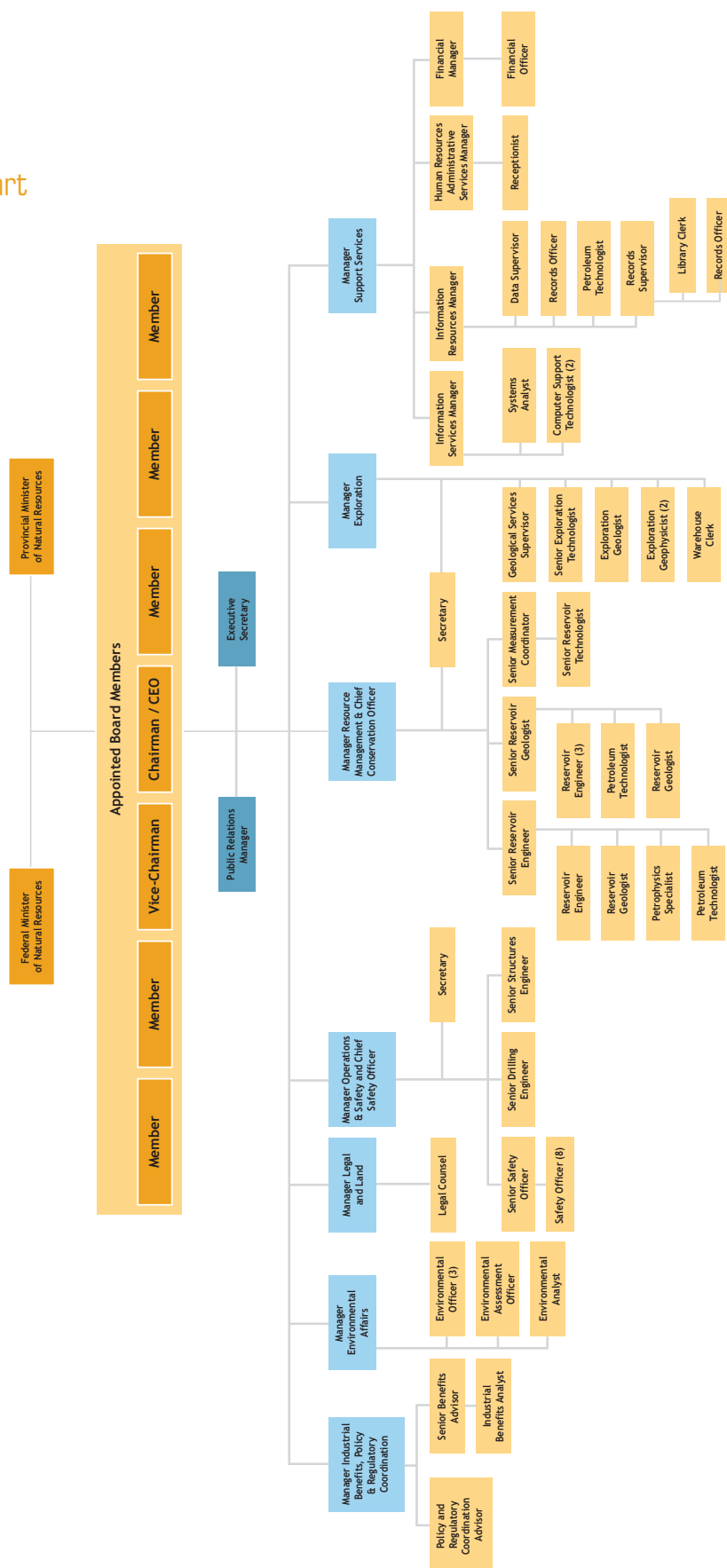
In its commitment to public access to information, the Board provided opportunities for public review and comment through its website in its assessment of Development Plan Amendments from HMDC (Hibernia) and Husky Oil (White Rose). The proponents' applications were placed on the web, and public responses by organizations and individuals were also posted for the information of media and the general public. This was the first time that a review had been conducted solely through the web, and the response to this communications initiative was supportive.

In the past year, the C-NLOPB commissioned a survey to assess the level of knowledge that people have of the oil and gas industry in the province, and the Board's regulatory role. The results show that the public lack adequate knowledge about the industry. The C-NLOPB intends to do its part in the years ahead to educate people about its regulatory role and about the offshore oil and gas industry.

As the Chair and CEO of the Board, I am grateful for the support and commitment of time and expertise of my colleagues, namely Fred Way, Herb Clarke, Lorne Spracklin, Hal Stanley, Andy Wells and Joan Whelan. I know I speak for them and for all former Board members in commending the professional and support staff of the Board for their superb performance in challenging circumstances over the years.

The Reports which follow will provide details of C-NLOPB activity, decisions, programs and initiatives during 2006-07, as well as current and historical statistical data. It also offers a glimpse into the future of the Newfoundland and Labrador offshore oil and gas industry itself. It is to this future that the Board dedicates its efforts on behalf of the Federal and Provincial Governments and the people they represent.

Canada - Newfoundland and Labrador Offshore Petroleum Board
Annual Report 2006/07



Financial Statements

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Auditors' Report



To the Members of
Canada-Newfoundland and Labrador Offshore Petroleum Board

We have audited the statement of financial position of Canada-Newfoundland and Labrador Offshore Petroleum Board at March 31, 2007 and the statements of revenue and expenditures, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A stylized, handwritten-style signature of 'Grant Thornton LLP' in black ink.

St. John's, Newfoundland
April 27, 2007

Grant Thornton LLP
Chartered Accountants

Canada-Newfoundland and Labrador Offshore Petroleum Board
Statements of Revenue and Expenditures and Changes in Net Assets

Year Ended March 31	2007	2006
Revenue		
Operating grants		
Government of Canada	\$ 4,059,661	\$ 3,824,950
Government of Newfoundland and Labrador	4,059,661	3,824,950
	<u>8,119,322</u>	<u>7,649,900</u>
Add:		
Costs recovered from industry	6,089,490	5,704,617
Amortization of deferred capital grants	298,973	288,645
Interest and other	102,286	54,365
	<u>14,610,071</u>	<u>13,697,527</u>
Less:		
Cost recoveries refunded to government	(6,089,490)	(5,704,617)
Deferred capital grants	(190,025)	(198,934)
	<u>8,330,556</u>	<u>7,793,976</u>
Net revenue		
Expenditures		
Personnel	6,309,527	5,570,614
Maintenance and support	395,896	314,752
Premises	565,937	509,502
Travel	114,846	95,220
Amortization of capital assets	311,462	288,645
General	632,888	971,499
	<u>8,330,556</u>	<u>7,750,232</u>
Excess of revenue over expenditures	<u>\$ -</u>	<u>\$ 43,744</u>
Net deficiency, beginning of year	\$ -	\$ (43,744)
Excess of revenue over expenditures	-	43,744
Net assets, end of year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements.

Canada-Newfoundland and Labrador Offshore Petroleum Board
Statement of Financial Position

March 31	2007	2006
Assets		
Current		
Cash and cash equivalents	\$ 1,151,702	\$ 2,785,191
Receivables	3,027,969	1,767,572
Prepays	139,077	162,784
	<u>4,318,748</u>	<u>4,715,547</u>
Capital assets (Note 3)	1,216,479	1,325,426
	<u>\$ 5,535,227</u>	<u>\$ 6,040,973</u>
Liabilities		
Current		
Payables and accruals	\$ 2,959,068	\$ 3,846,644
Deferred revenue (Note 4)	380,680	113,103
	<u>3,339,748</u>	<u>3,959,747</u>
Deferred capital grants	1,216,479	1,325,426
Accrued employee future benefit obligation (Note 5)	979,000	755,800
	<u>\$ 5,535,227</u>	<u>\$ 6,040,973</u>

Commitments and Contingency (Notes 7 and 8)

On behalf of the Board

Max Puelhake Member Howard Clarke Member

See accompanying notes to the financial statements.

Canada-Newfoundland and Labrador Offshore Petroleum Board

Statement of Cash Flows

Year Ended March 31	2007	2006
Increase (decrease) in cash and cash equivalents		
Operating		
Excess of revenue over expenditures	\$ -	\$ 43,744
Amortization of deferred capital grants	(298,973)	(288,645)
Amortization of capital assets	311,462	288,645
Accrued employee future benefit obligation	223,200	215,700
	<u>235,689</u>	<u>259,444</u>
Change in non-cash operating working capital (Note 6)	(1,856,688)	722,775
	<u>(1,620,999)</u>	<u>982,219</u>
Investing		
Purchase of capital assets	(202,515)	(198,933)
Deferral of capital grants	190,025	198,933
	<u>(12,490)</u>	<u>-</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,633,489)</u>	<u>982,219</u>
Cash and cash equivalents		
Beginning of year	<u>2,785,191</u>	<u>1,802,972</u>
End of year	<u>\$ 1,151,702</u>	<u>\$ 2,785,191</u>

See accompanying notes to the financial statements.

Canada-Newfoundland and Labrador Offshore Petroleum Board

Notes to the Financial Statements

March 31, 2007

1. Purpose of organization

The Canada-Newfoundland & Labrador Offshore Petroleum Board was formed in 1985 to administer the relevant provisions of the Canada-Newfoundland Atlantic Accord Implementation Acts as enacted by the Parliament of Canada and the Legislature of Newfoundland and Labrador. The Board is a non-profit organization and is, therefore, exempt from income tax under Section 149 of the Income Tax Act.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, the more significant of which are as follows:

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenditures during the year. Actual results could differ from these estimates.

Revenue recognition

The deferred method of accounting is used for contributions. Revenue is recognized in the period in which the related expenses are incurred.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Capital assets

Capital assets are recorded at cost, less accumulated amortization. Amortization is recorded using the declining balance method at a rate of 4% per annum for building, and the straight-line method over five years for leasehold improvements, over four years for furniture and fixtures and over three years for computer equipment.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment upon the occurrence of events or changes in circumstances indicating that the value of the assets may not be recoverable, as measured by comparing their net book value to the estimated undiscounted cash flows generated by their use. Impaired assets are recorded at fair value, determined principally using discounted future cash flows expected from their use and eventual disposition.

Canada-Newfoundland and Labrador Offshore Petroleum Board

Notes to the Financial Statements

March 31, 2007

2. Summary of significant accounting policies (cont'd.)

Deferred revenue

Operating grants received from government in excess of Board expenditures, net of other revenue, are recorded as deferred revenue.

Deferred capital grants

Federal and provincial grants received for annual capital expenditures are deferred and recognized into revenue on a basis consistent with the capital asset amortization charge.

Employee future benefits

The Board contributes 50% of the premiums for medical benefits (including a life insurance benefit of double the employee's pension) and 100% of the dental premiums for retired employees. These retirement benefits are recorded on an accrual basis based on an actuary's estimate. The transitional obligation is amortized on a straight-line basis over the average remaining service life to full eligibility (12 years). The excess of the net actuarial gain (loss) over 10% of the greater of the benefit obligations and the fair value of plan assets is amortized over the average remaining service life (14 years).

3. Capital assets			2007	2006
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value
Land and parking lot	\$ 134,106	\$ -	\$ 134,106	\$ 134,106
Building	1,338,809	696,712	642,097	668,851
Leasehold improvements	187,063	87,722	99,341	57,512
Furniture and fixtures	298,942	173,604	125,338	159,725
Computer equipment	794,706	579,109	215,597	305,232
	<u>\$ 2,753,626</u>	<u>\$ 1,537,147</u>	<u>\$ 1,216,479</u>	<u>\$ 1,325,426</u>

4. Deferred revenue	2007	2006
Government of Canada	\$ 190,340	\$ 56,551
Government of Newfoundland and Labrador	190,340	56,552
	<u>\$ 380,680</u>	<u>\$ 113,103</u>

Canada-Newfoundland and Labrador Offshore Petroleum Board

Notes to the Financial Statements

March 31, 2007

5. Employee future benefits

The Board provides for coverage under the group life and group health plans upon retirement from active service for its employees.

The following information for these plans is based upon an actuarial valuation completed as at March 31:

	2007	2006
Accrued benefit obligation		
Balance, beginning of year	\$ 1,434,500	\$ 1,221,600
Current service cost	105,900	96,900
Interest cost	79,600	78,600
Benefits paid	(18,900)	(16,500)
Actuarial loss	-	53,900
Balance, end of year	\$ 1,601,100	\$ 1,434,500
Plans assets	\$ -	\$ -
Reconciliation of funded status		
Funded status - deficit	\$ (1,601,100)	\$ (1,434,500)
Unamortized transitional obligation	509,700	566,300
Unamortized net actuarial loss	112,400	112,400
Accrued benefit liability	\$ (979,000)	\$ (755,800)
Net benefit expense		
Current service cost	\$ 105,900	\$ 96,900
Interest cost	79,600	78,600
Amortization of transitional obligation	56,600	56,700
	\$ 242,100	\$ 232,200

Significant actuarial assumptions used in calculating the accrued benefit liability and expense for these plans were as follows:

	2007	2006
Discount rate	5.2%	6.0%
Rate of increase in compensation levels	4.0%	4.0%
Dental inflation rate	4.0%	4.0%
Medical inflation rate	8.0%	9.0%
	decreasing gradually and uniformly to 4% over 4 years	decreasing gradually and uniformly to 5% over 4 years

In 2006-07, \$5,372,466 was collected and remitted to the Receiver General for Canada. Since its inception in 1986, the Board has collected \$156,616,201 on behalf of the Crown.

Canada-Newfoundland and Labrador Offshore Petroleum Board Notes to the Financial Statements

March 31, 2007

6. Supplemental cash flow information	2007	2006
Change in non-cash operating working capital		
Receivables	\$ (1,260,397)	\$ (1,149,452)
Prepays	23,707	9,433
Payables and accruals	(887,575)	1,749,691
Deferred revenue	267,577	113,103
	<u>\$ (1,856,688)</u>	<u>\$ 722,775</u>

7. Commitments

The Board is committed under terms of a premises lease to make minimum annual rental payments in each of the next four years as follows:

March 31, 2008	\$ 517,355
March 31, 2009	\$ 527,797
March 31, 2010	\$ 538,260
March 31, 2011	\$ 44,928

The Board has also committed to leasehold improvements of approximately \$43,000.

8. Contingency

A claim has been filed against the Board and five other defendants for an unspecified amount. The outcome of this claim is not determinable at this time, consequently no amount has been reflected in the financial statements.

9. Financial instruments

Fair values of financial instruments are disclosed in the notes to the financial statements when they differ from the carrying amounts. Where amounts receivable and payable are subject to normal credit terms, their carrying amount is used as an approximation of their fair values.

Report from Management

Operations and Safety

The Operations and Safety Department promotes the continual improvement of health and safety in offshore operations. The Department provides a systematic and comprehensive review and effective oversight of operators' safety and quality management systems with the goal of reducing risk to personnel engaged in offshore petroleum exploration and exploitation activities.



Safety of Operations

The onus is on operating oil companies to ensure the health and safety of all personnel employed in connection with petroleum activity in the Newfoundland and Labrador offshore area. In order to oversee operators' efforts in this regard, the Operations and Safety Department has an established safety assessment process to review operators' applications in a systematic manner prior to the Board issuing an authorization. This process considers the safety of the activity as a whole and its component parts including facilities, personnel and procedures. During the reporting period, 13 safety assessments were completed.

Following the authorization of an operator's activity, the implementation of the operator's Safety Management System is monitored through established processes, which include:

- review of various reports which are required to be submitted at defined intervals, e.g., daily reports, copies of tour sheets, incident investigation reports, accident reports and statistics, etc.;
- review of the minutes of the joint occupational health and safety committee on each installation;
- regular inspections and safety audits, which include visits on board each petroleum installation and vessels;
- investigation of work refusals;
- investigation of complaints by offshore workers;
- investigation of accidents and incidents as and if required; and,
- periodic safety assessment reviews when required.

During the reporting period, a total of 25 safety audits were conducted on various offshore drilling, production and other installations and vessels, including those used in exploration activities, resulting in the identification of 387 observations and two findings. Each observation and finding was subsequently monitored by Safety Officers to ensure that appropriate actions were taken. Of those noted, 278 observations and one finding had been closed by March 31, 2007.

A total of 144 incident reports were submitted by operators in 2006-07. The vast majority of the incidents did not result in significant injuries to personnel or damage to equipment. Of the reports submitted, 29 were injuries that prevented an employee from effectively performing all the duties connected with the employee's regular work. The operator's incident investigation process and each incident report is reviewed by the Board's Safety Officers to ensure that the operator has identified appropriate root causes and has implemented corrective actions.

Approximately 4.38 million person-hours were worked in connection with offshore activity during the reporting period. Over 50% of injuries occur during the handling of goods and materials and from slips and trips. Although falls are in the same category as slips and trips, no injuries as the result of falling have occurred (See Figures 1, 2 and 3). The resulting Reportable Injury Frequency Rate (RIFR) is 6.61 per million hours worked. A summary of reportable injuries by year is provided in Table 1.

Certification Activity

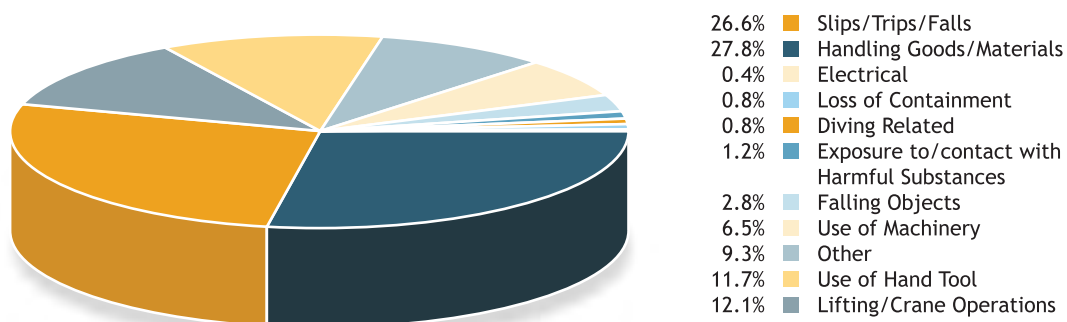
Legislation requires that each offshore installation (production, drilling, diving and/or accommodation) have a valid Certificate of Fitness issued by a recognized independent Certifying Authority before an installation is authorized to conduct any activity in the offshore area. Certification of offshore installations is a key element in defining the fitness of such installations. The Department's staff monitor and audit the work of the Certifying Authority.

Operators may propose methods, codes, standards, procedures, etc. other than those prescribed in the regulations. The Chief Safety Officer and/or Chief Conservation Officer may approve such applications where the proposed codes provide an equivalent level of safety. This process is referred to as the regulatory query process. This process, managed by the Operations and Safety Department, can also be used to seek formal interpretation of specific regulatory requirements that have not been already interpreted in guidance issued by the Board. During 2006-07, 187 Regulatory Query Forms were processed.

Table 1
Reportable Injuries

Year	Total Reportable Injuries	Total Person Hours Worked	RIFR (Per 1,000,000)
1991 - 92	1	271,201	3.69
1992 - 93	0	32,748	0
1993 - 94	0	3,593	0
1994 - 95	0	7,287	0
1995 - 96	1	71,470	13.99
1996 - 97	5	131,569	38.00
1997 - 98	23	1,972,336	11.66
1998 - 99	23	1,651,856	13.92
1999 - 00	28	2,484,434	11.27
2000 - 01	34	2,775,350	12.25
2001 - 02	23	2,548,727	9.02
2002 - 03	26	2,986,967	8.70
2003 - 04	31	3,232,028	9.59
2004 - 05	14	3,339,957	4.19
2005 - 06	23	4,181,363	5.50
2006 - 07	29	4,388,982	6.61

Figure 1
Immediate Cause of Injury (1997-2006)



Over 75% of injuries occur while personnel are performing physically demanding jobs.

Figure 2
Injury by Operation (1997-2006)

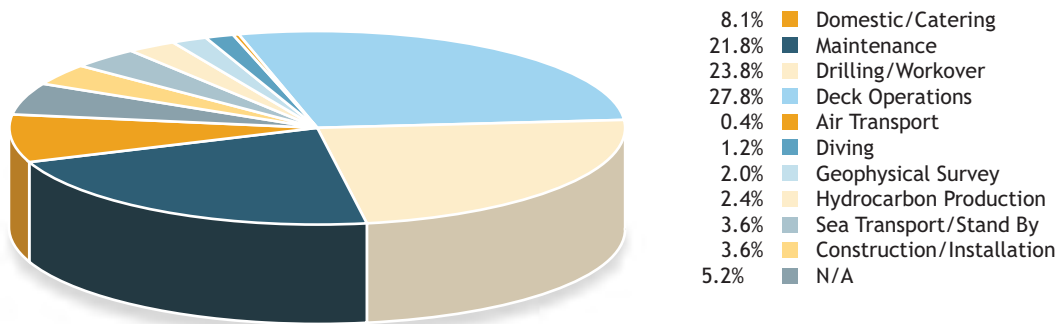
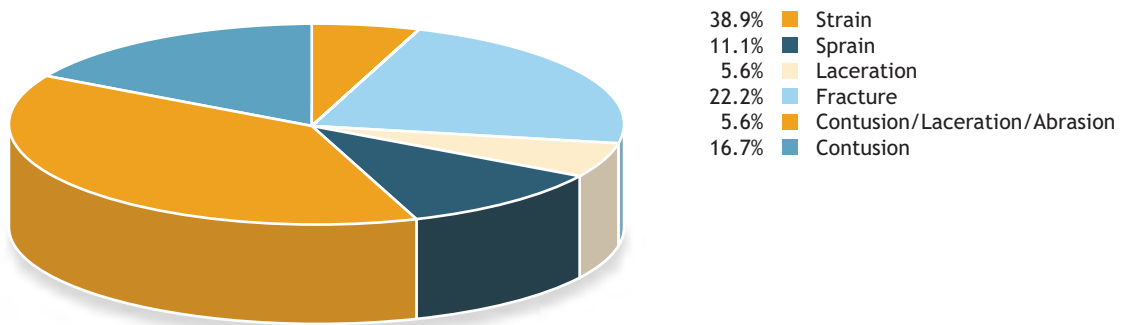


Figure 3
Nature of Reportable Injury (2006-2007)



Committee Participation

The Operations and Safety Department participated in a large number of committees dedicated to advancing various matters related to the safety of offshore operations and activities. In addition, in November of 2006, meetings were held with members of the offshore Joint Occupational Health and Safety Committees to discuss current occupational health and safety issues. A summary of the committees that the Operations and Safety staff participate in is as follows:

- The International Regulator's Forum (IRF) was established in 1994 to promote a common understanding of issues related to offshore safety and health. The IRF meets annually to exchange ideas and experiences in an effort to raise offshore health and safety standards.
- The IRF Performance Measures subcommittee is developing standard incident categorization criteria and compiling annual incident data/statistics, against this criteria, for each of the IRF member countries.
- The IRF Lifting Working Group subcommittee is developing standard audit/inspection criteria and investigation criteria for crane and mechanical handling operations. The committee is currently collecting information from the audits conducted by all participating countries.
- The International Standards Organization (ISO) (TC67/SC7) subcommittee is developing international standards for offshore structures. The Canadian Standards Association (CSA), through the Canadian Advisory Committee, participates in the ISO standards development. The CSA intends to adopt the offshore structures standards when completed to replace their current standards for offshore structures.
- The Canadian Association of Petroleum Producers (CAPP) Training and Qualifications Committee is a joint industry/regulatory committee that establishes minimum acceptable standards for the training and qualifications of offshore workers in the Newfoundland and Labrador and Nova Scotia offshore areas.
- The CAPP Safe Lifting Practices Committee is establishing recommended practices for the design, operation, testing, inspection and maintenance of offshore cranes, containers, winches and associated lifting equipment, including requirements for personnel transfers. The CAPP Safe Lifting Practices should be released later in 2007.
- The ENFORM Offshore Well Control Committee establishes the minimum requirements for well control certification for offshore petroleum operations in Canada.
- The Canadian General Standards Board Immersion Suit Systems Committee is a national committee formed to develop and maintain CSA standards for immersion suits including abandonment, helicopter and work suits.

Asset Integrity

With aging installations and longer field life it is necessary to ensure that an effective asset integrity program is developed and implemented regarding the continued safety and integrity of offshore installations for the life of the field. The challenges associated with maintaining aging infrastructure is currently a global issue in the offshore petroleum industry.

Over the past several years, the Department has been engaged in a review of a number of facility and equipment issues on various installations. These issues, together with the aging infrastructure of some of the offshore installations and the harsh environmental conditions offshore Newfoundland and Labrador, prompted the need to focus attention on developing guidance for asset integrity programs for offshore installations. The C-NLOPB will work with industry to develop guidance in this area.

Report from Management

Environmental Affairs

The Environmental Affairs Department implements the Board's mandate to promote the protection of the environment during exploration, development and production activities in the offshore area.



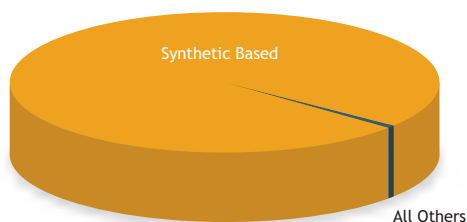
Other than a single crude spill of 1,000 barrels and small releases of food-grade synthetic oil used in drilling, only 69 barrels of oil of all types has been spilled in offshore activity in our area.

Environmental Protection and Compliance

The Environmental Affairs Department monitors the operators' compliance with regulations and guidelines and with approved environmental targets. In the event of a spill or other environmental incident, the Department monitors spill response and recovery efforts, and conducts investigations as required.

Operators must report all spills and unauthorized discharges regardless of quantity. Throughout the reporting period, the Environmental Affairs Department reviewed reports of routine discharges and reports of spills and unplanned releases for all offshore installations. Spills may be associated with exploration or development drilling, or with production operations. Summary statistics on hydrocarbon spills during the 2006-07 reporting period are presented in Figure 4.

Figure 4
Hydrocarbon Spills (2006-2007)



Component	Litres	%	Incidents
Synthetic Based Mud	77,630.5	99.58	7
All Others			
Crude	305.5	0.39	4
Hydraulic and Lubricating Oil	20.34	0.026	15
Diesel	1.51	0.002	4
Other Hydrocarbons	1.74	0.002	11

Spills of Synthetic Based Mud (SBM) constituted 99.58% of all hydrocarbons spilled in 2006-07. Of the 77,630 litres of SBM spilled in 2006-07, one spill of 74,000 litres constituted the bulk of this material.

Other hydrocarbon products made up the remaining 0.42% of the spill volume for the reporting period.

Crude oil constituted 0.39% of all hydrocarbons spilled during the reporting period. The remaining 0.03% included diesel, hydraulic and lubricating oils, and other hydrocarbon fluids.

Environmental Assessment

The C-NLOPB is the lead agency for environmental assessment of proposed offshore exploration and production activities under both the Accord legislation and the Canadian Environmental Assessment (CEA) Act. During 2006-07, Department staff completed eight screening-level environmental assessments, three of which were initiated during 2006-07 and the remainder of which were initiated earlier. The latter included the assessment for the Orphan Basin exploration drilling program, which commenced as a "comprehensive study" level assessment under the CEA Act in 2004. Five environmental assessments were ongoing as of March 31, 2007.

Strategic Environmental Assessment

Sydney Basin

The Board initiated a Strategic Environmental Assessment (SEA) process for the Sydney Basin area in association with the 2006 Calls for Bids. To assist with the SEA process, a working group was established with local representation from community groups, non-governmental organizations and government agencies. The working group assisted in the review of the draft SEA report and in consultations that were held in a number of communities on the south coast of Newfoundland and Labrador. In September 2006, public and regulatory comments were invited on the draft SEA report. Comments were received from federal and provincial agencies, non-governmental organizations and the public. A Notice to Bidders in November 2006 included the conclusions of the SEA respecting sensitive fish habitats and the presence of corals in the SEA area. The C-NLOPB released the final report in February 2007.

Labrador Shelf

In January 2007, the Board initiated a Strategic Environmental Assessment process for the Labrador Shelf. A working group was established to assist with the SEA process. The working group is co-chaired by

In 2006-07, 9 geoscientific programs were conducted in the Newfoundland and Labrador Offshore area.

the C-NLOPB and the Nunatsiavut Government, and has local representation from community groups, non-governmental organizations and government agencies. At the end of the reporting period, a draft scoping document was being prepared for release for a thirty-day public comment period.

Western Newfoundland and Labrador Offshore Area

The C-NLOPB concluded a strategic environmental assessment of petroleum activities in a portion of the Gulf of St. Lawrence offshore western Newfoundland. The C-NLOPB concluded a public comment period on the Western Newfoundland and Labrador SEA in October 2005 and released the final report in May 2006.

Regulatory Framework

The Environmental Affairs Department, working with the Canada-Nova Scotia Offshore Petroleum Board and the National Energy Board, concluded a review and updating of the Physical Environmental Guidelines, which apply to the measurement, recording and reporting of weather, oceanographic and ice parameters during offshore drilling and production operations. It is expected that the revised guidelines will be presented to the Board for approval during the next fiscal year.

Environmental Projects

The C-NLOPB provides a representative to the Management Board of the Environmental Studies Research Fund (ESRF), a national fund that finances environmental and social studies relevant to offshore petroleum regulatory decisions through levies on offshore interest holders. A C-NLOPB representative also currently chairs the ESRF's East Coast Advisory Committee. That committee, whose members include representatives from the oil and gas industry, government, fisheries and environmental organizations, provides advice to the ESRF Management Board on research priorities for the east coast. In calendar year 2006, the ESRF budgeted approximately \$750,000 for east coast environmental research and \$500,000 for calendar year 2007.

Report from Management

Resource Management

The Resource Management Department's primary role is to regulate drilling and production operations for maximum recovery of hydrocarbons with the provision that resources being developed are measured, monitored and managed properly.



Resource Management

A significant amount of the Department's resources and staff time during the year was spent providing the necessary analytical work for Development Plan Amendments for the Hibernia and White Rose fields.

Current geological, geophysical, petrophysical and reservoir interpretations are used, in conjunction with various software packages, to update oil and gas reserve/resource estimates for the Newfoundland and Labrador offshore area. The Board's most recent reserve/resource estimates are provided in Table 2.

On March 2, 2007, Husky Oil notified the Board of its intention to submit a Development Plan for the North Amethyst field during the third quarter of 2007.

During the year, the C-NLOPB endorsed the Voluntary Standard for Global Gas Venting and Flaring Reduction and continues to promote gas conservation and examine ways to reduce gas flaring.

As wells mature they reach a decline phase. The Hibernia field is now in the decline phase. As a consequence, there has been an increase in the number of well operation approval requests. This was evident during 2006-07, where 22 well operation approvals were processed in comparison to nine for 2005-06. The majority of these well operations involved zone abandonments to control water production in a number of wells. As the Hibernia field matures, the number of well operation requests is expected to increase even further.

As production declines in the producing fields and installation production capacity becomes available, there are opportunities to tie in small fields adjacent to existing facilities. A small field development workshop was held on March 28, 2007 in St. John's, Newfoundland and Labrador, and a number of Department staff participated. The purpose of the workshop was to promote discussion and explore the challenges and opportunities affecting small field development with the ultimate goal of helping define the research required to further development.

The Department participated in consultations held by the National Energy Board (NEB) on May 8, 2006 as part of the preparation of their energy supply and demand report.

Department staff developed an Approvals Database during the year to enable better tracking and monitoring of approvals, authorizations and conditions. Field Production Monitoring Databases were also developed during the year to monitor respective field and well operations, production, injection and pressure data.

Additionally, information on all active development wells has now been entered into a Schedule of Development Wells Database. This database provides quick access to relevant information necessary to monitor wells and review well operations approval applications.

Field	Oil		Gas		NGLS ³	
	10 ⁶ m ³	million bbls	10 ⁹ m ³	billion cu. ft.	10 ⁶ m ³	million bbls
Grand Banks						
Hibernia	197.8	1244	50.6	1794	32.2	202
Terra Nova	56.3	354	1.3	45	0.5	3
Hebron	92.4	581	-	-	-	-
Whiterose	45.0	283	76.7	2722	15.3	96
West Ben Nevis	5.7	36	-	-	-	-
Mara	3.6	23	-	-	-	-
Ben Nevis	18.1	114	12.1	429	4.7	30
North Ben Nevis	2.9	18	3.3	116	0.7	4
Springdale	2.2	14	6.7	238	-	-
Nautilus	2.1	13	-	-	-	-
King's Cove	1.6	10	-	-	-	-
South Tempest	1.3	8	-	-	-	-
East Rankin	1.1	7	-	-	-	-
Fortune	0.9	6	-	-	-	-
South Mara	0.6	4	4.1	144	1.2	8
West Bonne Bay	5.7	36	-	-	-	-
North Dana	-	-	13.3	472	1.8	11
Trave	-	-	0.8	30	0.2	1
Sub-Total	437.3	2751	168.9	5990	56.6	355
Labrador Shelf						
North Bjarni	-	-	63.3	2247	13.1	82
Gudrid	-	-	26.0	924	1.0	6
Bjarni	-	-	24.3	863	5.0	31
Hopedale	-	-	3.0	105	0.4	2
Snorri	-	-	3.0	105	0.4	2
Sub-Total	0.0	0.0	119.6	4244	19.9	123
Total	437.3	2751	288.5	10234	76.5	478
Produced⁴	116.5	732.7	0.0	0	0.0	0
Remaining	320.8	2018.3	288.5	10234	76.5	478

1 "Reserves" are volumes of hydrocarbons proven by drilling, testing and interpretation of geological, geophysical and engineering data, that are considered to be recoverable using current technology and under present and anticipated economic conditions. Hibernia, Terra Nova, and White Rose are classified as reserves.

2 "Resources" are volumes of hydrocarbons, expressed at 50% probability of occurrence, assessed to be technically recoverable that have not been delineated and have unknown economic viability.

3 Natural Gas Liquids.

4 Produced oil reserves also include a small quantity of natural gas liquids. Produced volumes as of December 31, 2006.

Report from Management

Exploration

The Exploration Department conducts resource assessments and geoscientific studies in support of exploration and development projects, including land issuance. This Department also manages materials stored at the Board's Core Storage and Research Centre.



In 2006-07, there were only 29 injuries reported in more than 4.38 million person-hours of work.

Exploration

As of March 31, 2007, there were \$816 million worth of exploration commitments to be undertaken by interest owners.

The Department regulated all phases of exploration from land sales and data acquisition, to exploration drilling and seismic activity. Technical review and advice pertaining to the prospectivity of lands in the Newfoundland and Labrador offshore area was provided prior to the issuance of a Call for Bids. Departmental staff reviewed all geophysical and geological program applications before they were authorized. Geophysical evaluations included 2D, 3D or Controlled Source Electromagnetics (CSEM) data acquisition, wellsite surveys and vertical seismic profiling (VSP). Department geoscientists are reviewing and interpreting data from many offshore basins. In addition to the prolific Jeanne d'Arc Basin, at least six other basins are being evaluated: the Orphan Basin, the Anticosti Basin, the Sydney Basin, the Laurentian Subbasin, the Labrador Shelf and the Flemish Pass Basin.

Resource Assessments

Departmental work on resource assessments for basins in the Newfoundland and Labrador offshore continued throughout the year. The results of these assessments are made available when complete. At the end of the reporting period, assessments for the Jeanne d'Arc Basin and Flemish Pass Basin were available.

Geoscientific Programs

In 2006-07, nine geoscientific programs were conducted in the Newfoundland and Labrador offshore area.

The acquisition of geophysical data is classified as either exclusive or non-exclusive. Exclusive data is normally acquired for licencees to assist in evaluations of the hydrocarbon prospectivity of the area and to identify possible drilling locations. Non-exclusive data are acquired for sale to exploration companies. Such non-exclusive data is often recorded over areas where little exploration has occurred to date, but which may be the focus of future interest.

Exclusive Programs

Husky Oil

- 3D survey of 272 km² over the Exploration Licence 1067 area
- 3D survey of 680 km² over the Fortune SDL 1011 area
- two wellsite surveys; one on SDL 1040 and the other on EL 1089
- two walk-away vertical seismic profiles (VSP); one in the West Bonne Bay F-12 well and the other in the White Rose O-28X well

ExxonMobil

- acquired 718 line kilometres of electromagnetic data in the Orphan Basin

Non-Exclusive Programs

GSI

- 10,884 km of 2D data was recorded offshore Labrador

In total, these programs account for 46,604 (CMP) km of 3D seismic and 11,885 km of 2D data recorded in the offshore during 2006-07. Since 1964, approximately 1.92 million km of seismic data has been recorded in the Newfoundland and Labrador offshore area.

Geoscientific Studies

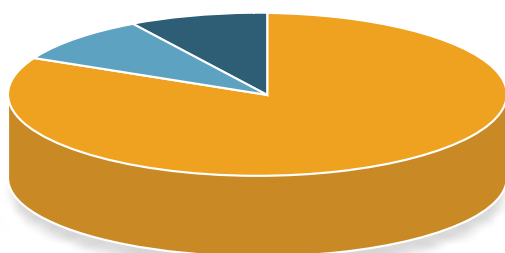
In 2006, Department staff presented a paper on current activity in the deepwater Orphan Basin to the Geological Association of Canada, Newfoundland and Labrador Section. In addition to the Jeanne d'Arc Basin, technical reviews are being conducted in the Orphan Basin, Labrador Shelf, Western Newfoundland and the Laurentian Subbasin.

Information Requests

There were 68 requests for information processed during the 2006-07 period. The breakdown of these requests is illustrated in Figures 5 and 6. Responsibility for information management was passed to the Support Services Department during the year.

The board initiated a Strategic Environmental Assessment process for the Labrador Shelf establishing a working group, co-chaired by the Nunatsiavut Government, to assist with the SEA process.

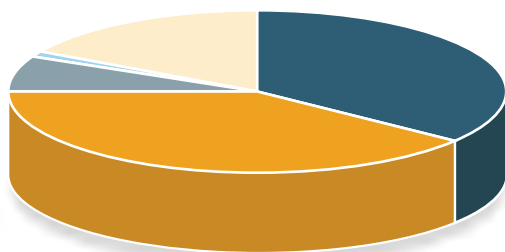
Figure 5
Information Requests by Affiliation



57 Industry
5 Education
6 Government

68 Total

Figure 6
Information Requests by Area



26 All Areas
25 North Grand Banks
7 Western Newfoundland
1 South Grand Banks
9 Labrador Shelf

68 Total

Controlled Source Electromagnetic (CSEM) Survey

During 2006, the first CSEM survey in the Newfoundland and Labrador offshore area was conducted by ExxonMobil in the Orphan Basin using the survey vessel *REM Angler*. This form of geophysical surveying maps subsurface geological resistivities. The survey offers the potential for detection and differentiation of hydrocarbon reservoirs from water-filled reservoirs.

Drilling Programs

In April 2006, the *Rowan Gorilla VI* jack-up returned for its second season on the Grand Banks to conduct exploration and delineation drilling for Husky Oil. Prior to resuming operations on the Grand Banks, a comprehensive review was conducted to ensure that the corrective actions from the October 2005 incident resulting in damage to the jack-up's legs had been incorporated into Husky Oil's and Rowan's management systems to prevent a recurrence of the incident. Delineation wells were drilled at White Rose O-28X and O-28Y, West Bonne Bay F-12 and West Bonne Bay F-12Z and an exploration well was drilled at North Amethyst K-15. The *Rowan Gorilla VI* completed operations in November 2006 and was demobilized to Halifax, Nova Scotia prior to being transported to the North Sea in early 2007. There were no incidents onboard the *Rowan Gorilla VI* throughout the 2006 drilling program.

On August 14, 2006, a Drilling Program Authorization was issued to Chevron to commence deep-water exploration drilling in the Orphan Basin with the dynamically positioned semi-submersible *Eirik Raude*. The Great Barasway F-66 well was spudded on August 18, 2006, in 2,338 metres of water. On January 28, 2007, after a number of marine riser tensioner wires parted, the rig prepared for a possible emergency disconnect by, in part, circulating mud out of the marine riser and displacing it to seawater. When the rig disconnected, the residual synthetic based mud was discharged to the ocean. The estimated volume of the spill was 74,000 litres. Following repairs to the marine riser system, the rig was brought to Marystown in February 2007, to repair cracks that were discovered in the horizontal bracings of the rig's structure. This work was completed successfully and the rig returned to location and re-connected to Great Barasway F-66 on March 24, 2007, to complete operations on the well.

Report from Management

Legal and Land

The Legal and Land Department administers the land issuance, tenure and registration programs and advises the Board and staff in respect of legal issues.



Rights Management

Land Holdings

The C-NLOPB issues land rights in the form of Exploration Licences (ELs), Significant Discovery Licences (SDLs) and Production Licences (PLs). ELs may extend to a maximum nine-year term if a well is spudded within the first period (either five or six years) from the date of issuance. As of March 31, 2007, there were 39 ELs in the Newfoundland and Labrador offshore area with total work commitments in excess of \$816 million. SDLs acknowledge an owner's right to hold interests indefinitely where the area has potential for sustained production of petroleum. As of March 31, 2007, there were 49 SDLs in the Newfoundland and Labrador offshore area. Production Licences permit an owner to produce petroleum from an interest, consistent with approvals and authorization from the Board. The Board has issued six PLs, which have a 25 year term.

Six new ELs (1099-1104) were issued in January 2007, three in the Jeanne d'Arc Basin and three in the Western Newfoundland and Labrador Offshore Region. Five Exploration Licences (1067, 1069, 1070, 1071, 1072) were amended by the Board to allow for a one-year extension to Period I, supported by payment of a drilling deposit. Three exploration licences (1067, 1069, 1070) were extended in consideration of payment of the drilling deposit. Nine ELs were entirely surrendered or forfeited during the 2006-07 reporting period.

Land holdings as of March 31, 2007, are shown in Table 3. The approximate locations of all current licences are shown in Figures 7 and 8. Detailed information and maps respecting individual licences are also published on the Board's website.

Table 3
Land Holdings by Representative (March 31, 2007)

Interest Owners' Representative	EL's	Hectares	% of Total EL Hectares	SDL's	Hectares	% of Total SDL Hectares	PL's	Hectares	% of Total PL Hectares
Grand Banks/Orphan Basin									
Norsk Hydro	2	51,581	0.82	1	3,195	1.98			
Chevron	4	1,051,535	16.73	1	3,883	2.41			
ExxonMobil	5	1,080,535	17.19	7	35,607	22.11	2	23,701	58.16
Husky Oil	10	442,862	7.05	21	62,574	38.85	1	2,828	6.94
Imperial Oil				4	5,691	3.53			
Petro Canada	3	146,737	2.33	10	22,020	13.67	3	14,220	34.90
Subtotal	24	2,773,250	44.12	44	132,970	82.56	6	40,749	100.00
West Coast Offshore Region									
B.G. Capital Ltd.	1	124,320	1.98						
ENEGI INC.	1	103,040	1.64						
NWest Energy Inc.	4	659,880	10.50						
Ptarmigan Resources	1	140,210	2.23						
Subtotal	7	1,027,450	16.35						
South Grand Banks									
Imperial Oil	1	191,833	3.05						
ConocoPhillips	7	2,292,193	36.47						
Subtotal	8	2,484,026	39.52						
Labrador Offshore Region									
Petro-Canada				4	25,185	15.64			
Husky Oil				1	2,900	1.80			
Subtotal				5	28,085	17.44			
Total	39	6,284,726	100.00	49	161,055	100.0	6	40,749	100.00

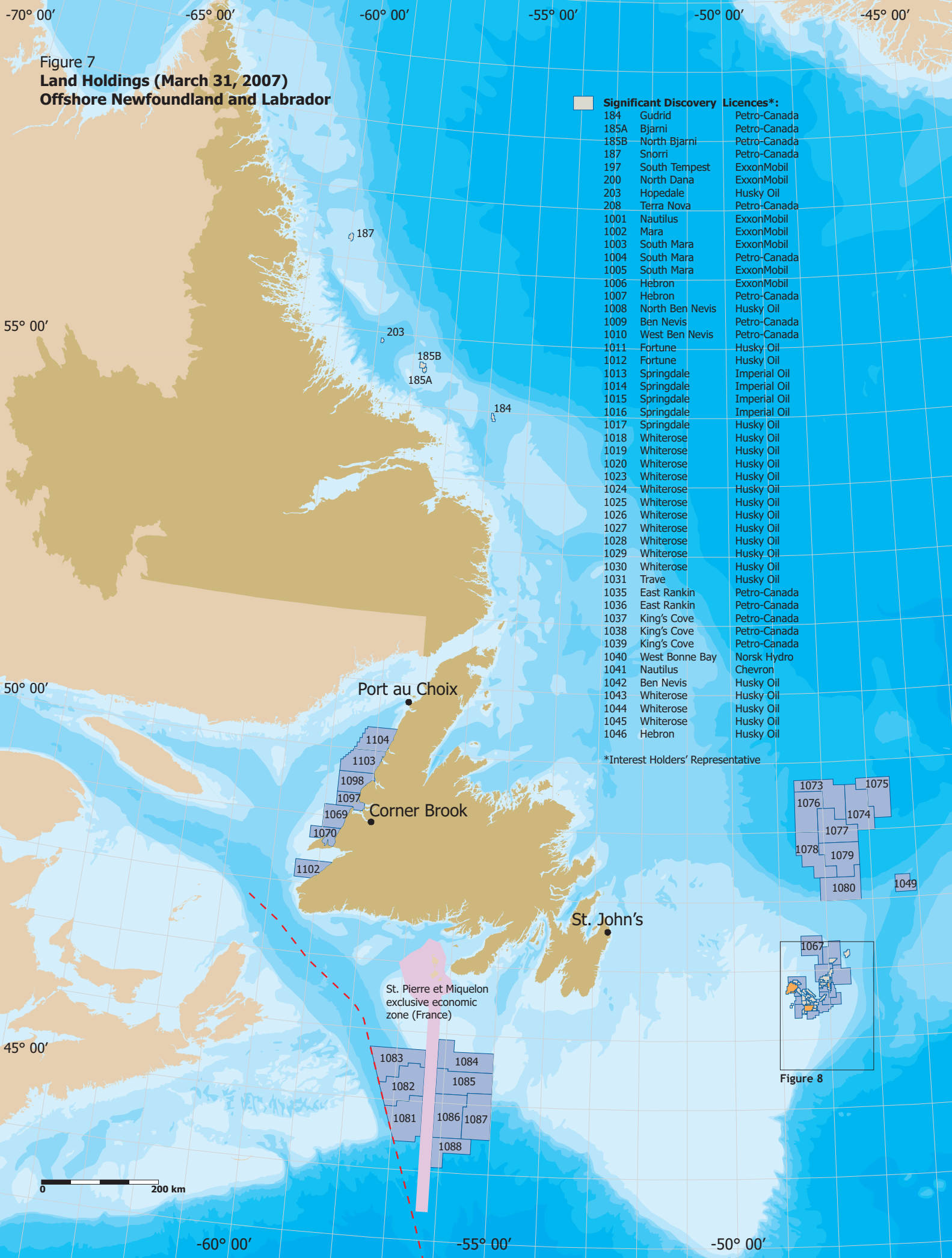


Figure 7
Land Holdings (March 31, 2007)
Offshore Newfoundland and Labrador

	Significant Discovery	Licences*:
184	Gudrid	Petro-Canada
185A	Bjarni	Petro-Canada
185B	North Bjarni	Petro-Canada
187	Snorri	Petro-Canada
197	South Tempest	ExxonMobil
200	North Dana	ExxonMobil
203	Hopedale	Husky Oil
208	Terra Nova	Petro-Canada
1001	Nautilus	ExxonMobil
1002	Mara	ExxonMobil
1003	South Mara	ExxonMobil
1004	South Mara	Petro-Canada
1005	South Mara	ExxonMobil
1006	Hebron	ExxonMobil
1007	Hebron	Petro-Canada
1008	North Ben Nevis	Husky Oil
1009	Ben Nevis	Petro-Canada
1010	West Ben Nevis	Petro-Canada
1011	Fortune	Husky Oil
1012	Fortune	Husky Oil
1013	Springdale	Imperial Oil
1014	Springdale	Imperial Oil
1015	Springdale	Imperial Oil
1016	Springdale	Imperial Oil
1017	Springdale	Husky Oil
1018	Whiterose	Husky Oil
1019	Whiterose	Husky Oil
1020	Whiterose	Husky Oil
1023	Whiterose	Husky Oil
1024	Whiterose	Husky Oil
1025	Whiterose	Husky Oil
1026	Whiterose	Husky Oil
1027	Whiterose	Husky Oil
1028	Whiterose	Husky Oil
1029	Whiterose	Husky Oil
1030	Whiterose	Husky Oil
1031	Trave	Husky Oil
1035	East Rankin	Petro-Canada
1036	East Rankin	Petro-Canada
1037	King's Cove	Petro-Canada
1038	King's Cove	Petro-Canada
1039	King's Cove	Petro-Canada
1040	West Bonne Bay	Norsk Hydro
1041	Nautilus	Chevron
1042	Ben Nevis	Husky Oil
1043	Whiterose	Husky Oil
1044	Whiterose	Husky Oil
1045	Whiterose	Husky Oil
1046	Hebron	Husky Oil

*Interest Holders' Representative

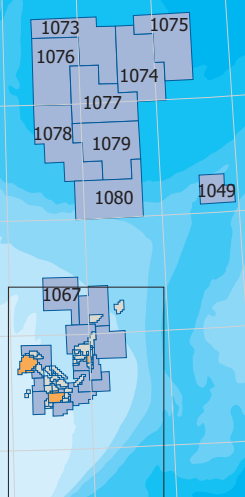
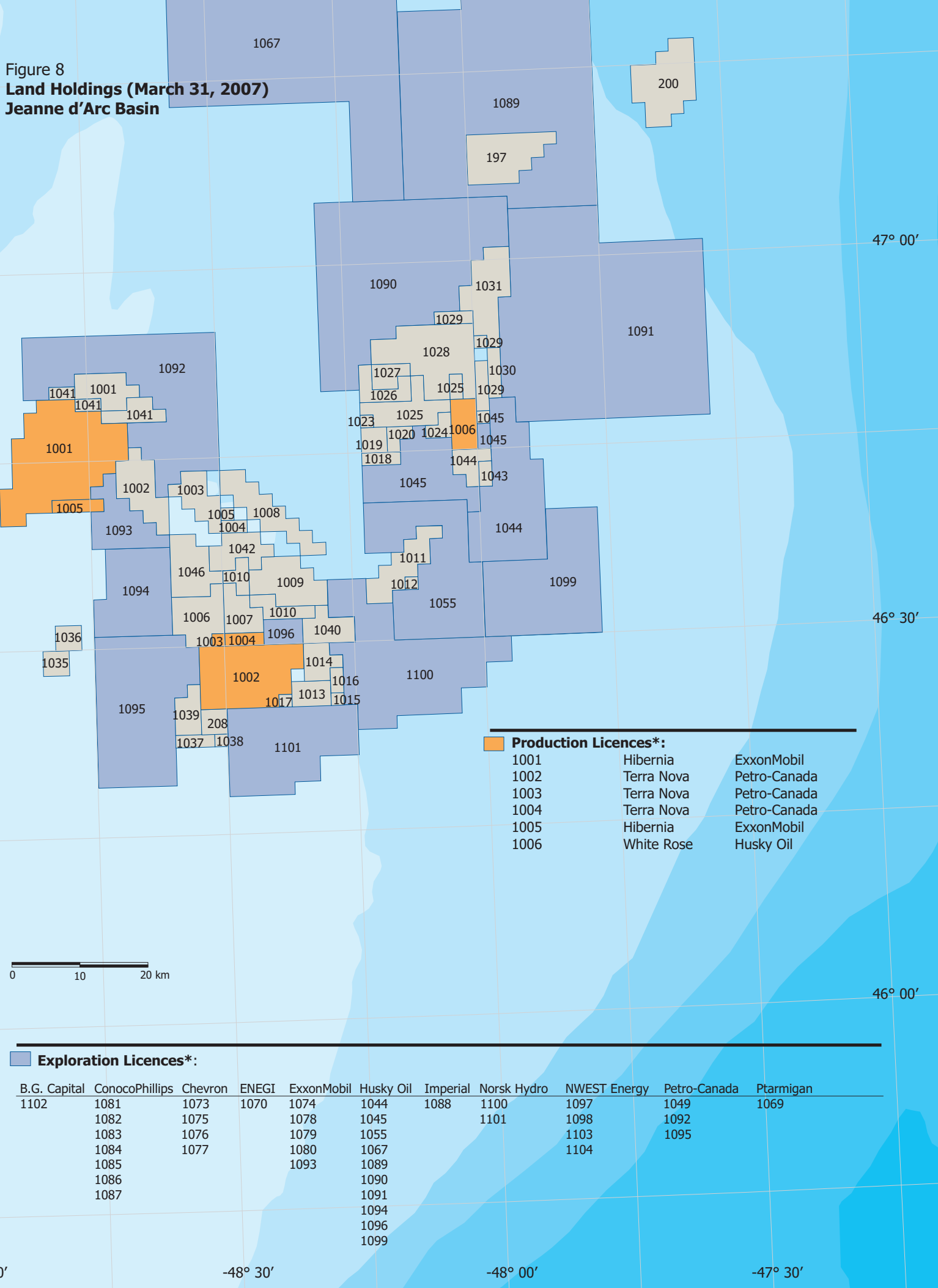


Figure 8

Figure 8
Land Holdings (March 31, 2007)
Jeanne d'Arc Basin



Calls for Bids

In its 2006 Calls for Bids, the Board made 11 parcels available for exploration, comprising some 76,419 hectares in the Jeanne d'Arc Basin (three parcels), 867,896 hectares in the Western Newfoundland and Labrador Offshore Region (five parcels) and 768,768 hectares in the Sydney Basin (three parcels). The Calls resulted in six successful bids (three in the Jeanne d'Arc Basin, 76,419 hectares, three in the Western Newfoundland and Labrador Offshore Region, 528,228 hectares and no successful bids in the Sydney Basin) for the parcels and work commitment bids totalling \$32,356,008. ELs have been issued to the successful bidders. All ELs have nine-year terms that began on January 15, 2007. Licence holders are required to drill a well during the first five-year period (Period I) in order to hold the licence for the entire nine-year term. A licence holder may extend Period 1 for one year by posting a drilling deposit of \$1 million for the Jeanne d'Arc Basin parcels or \$250,000 for the Western Newfoundland and Labrador offshore region.

In October 2006, the C-NLOPB issued a Call for Nomination of lands for the 2007 land sale. As of March 31, 2007, the Board had not announced a Call for Bids.

Registry Office

The Board operates a registry to record exploration, significant discovery and production licences and other information related to these interests for public review. Further, the Board publishes on its website uncertified copies of interests, instruments and abstracts currently on file to further facilitate public access to these records.

Funds collected

Under the Accord Implementation Acts, the Board is responsible for the collection of certain fees, forfeitures and rentals. In 2006-07, \$5,372,466 was collected and remitted to the Receiver General for Canada. Some of these revenues are for deposit to the Newfoundland and Labrador Offshore Petroleum Resources Revenue Fund. Since its inception in 1986, the Board has collected \$156,616,201 on behalf of the Crown.

Operating Licences

Any person wishing to undertake any work or activity respecting petroleum operations in the Newfoundland and Labrador offshore area must obtain an operating licence issued by the Board. During 2006-07, the Board issued 15 operating licences (Table 4).

Table 4
Operating Licences (2006-2007)

1. OL No. 0601	ExxonMobil Canada Ltd. as managing partner for ExxonMobil Canada Properties
2. OL No. 0602	ExxonMobil Canada Ltd.
3. OL No. 0603	Husky Oil Operations Limited
4. OL No. 0604	Shell Canada Limited
5. OL No. 0605	Hibernia Management and Development Company Ltd.
6. OL No. 0606	Geophysical Service Incorporated
7. OL No. 0607	ConocoPhillips Canada Resources Corporation
8. OL No. 0608	Chevron Canada Limited
9. OL No. 0609	EnCana Corporation
10. OL No. 0610	Chevron Canada Limited as managing partner for Chevron Canada Resources
11. OL No. 0611	Petro-Canada
12. OL No. 0612	Imperial Oil Resources Limited
13. OL No. 0613	Imperial Oil Resources Ventures Limited
14. OL No. 0614	Norsk Hydro Canada Oil and Gas Inc.
15. OL No. 0615	Schlumberger Canada Ltd. as Managing Partner of WesternGeco Canada

Court Proceedings

During 2006-07, the Legal and Land Department provided advice to the Board in respect of the following Court proceedings:

- (a) Hibernia Management and Development Company and Petro-Canada v C-NLOPB - In November 2004, the Board issued its Research and Development/ Education and Training Guidelines with effect from April 2004. HMDC and Petro-Canada commenced an action against the C-NLOPB in the Supreme Court of Newfoundland and Labrador with respect to the enforceability of the terms of the Guidelines. The case was argued in April 2006 and the decision, dismissing the Application, was released in January 2007. HMDC and Petro-Canada have appealed the decision.
- (b) Paramount Resources Ltd. and Polaris Resources Ltd. v C-NLOPB - In January 2006, Paramount and Polaris commenced an action against the C-NLOPB in the Supreme Court of Newfoundland and Labrador seeking judicial review of the Board's decision not to agree to amend three licences held by Paramount and Polaris (South Grand Banks), to extend Period I (the initial five-year period in which an exploration well must be spudded) by four years. An interim consent order to suspend forfeiture of licences and security deposits was issued by the Court and the Application was heard in the Supreme Court of Newfoundland. The Court allowed the Application on the grounds that the Board had not issued sufficient written reasons for its decision and remitted the matter back to the Board for consideration. The licences were thereafter terminated consistent with a further decision taken by the Board.

The Department also provided advice and support to the Board, the Chief Conservation Officer and Investigating Officers in respect of two prosecutions under the Accord Implementation Acts:

- (a) A crude oil spill from the *Terra Nova FPSO* occurred in November 2004. The extensive and detailed investigation of the incident resulted in a charge being laid against Petro-Canada in July 2005, under the Accord Implementation Acts.

Petro-Canada pleaded guilty and paid a \$290,000 penalty.

- (b) An alleged spill of synthetic-based drilling mud from the *MODU GSF Grand Banks* occurred in October 2004. The investigation resulted in three charges being laid against Husky Oil Operations Limited in October 2006. The court proceedings are being handled by federal prosecutors.

Report from Management

Industrial Benefits, Policy and Regulatory Coordination

The Department evaluates Benefits Plans and monitors operators' compliance with approved Benefits Plans. The Department also coordinates regulatory and policy matters respecting the Board's relationship with both federal and provincial governments.



For the first time the Board gave opportunities for public review and comment through its website in its assessment of Development Plan Amendments.

Industrial Benefits Administration

Throughout the past year, the Department monitored Hibernia, Terra Nova and White Rose operations activities as well as activities associated with exploration work in the Newfoundland and Labrador offshore area.

During 2006, expenditures related to work in the Newfoundland and Labrador offshore area amounted to \$1.6 billion. Since 1966, cumulative expenditures total \$21.6 billion. Details of the expenditures associated with the Hibernia, Terra Nova and White Rose developments are summarized under the Project Activities section of this report. These also include the expenditures made in Newfoundland and Labrador and elsewhere in Canada, as well as employment and industrial benefits achieved by these projects.

During the year, the Department reviewed and the Board approved exploration benefits plans for geoscientific exploration programs in the Orphan Basin, Jeanne d'Arc Basin, and offshore Labrador. During 2006, \$186 million was spent on these programs, generating more than 1,979 person-months of employment.

Policy and Regulatory Coordination

During 2006-07, the Board continued its involvement in the Frontier and Offshore Regulatory Renewal Initiative (FORRI). FORRI was formed in 2004 to modernize regulations under the Atlantic Accord Acts by developing "goal-oriented" regulations. The Department is providing support to the ongoing effort to combine the Newfoundland Offshore Petroleum Drilling Regulations with the Newfoundland Offshore Area Petroleum Production and Conservation Regulation into a single "goal oriented" regulation.

The Department continued to assist in building an effective relationship with the Nunatsiavut Government and worked with staff of other departments to ensure our responsibilities under the Labrador Inuit Land Claims Agreement are satisfied. A workshop with Nunatsiavut Government officials was held in Nain in June 2006, as a part of an ongoing commitment to developing this relationship and as interest grows in Labrador offshore petroleum resources.

The Department coordinated and prepared two development plan amendment decision reports that were Fundamental Decisions for both Federal and Provincial Governments. Support was provided to other regulatory efforts, including the Atlantic Energy Roundtable and the Ocean Action Plan.

Economic Impact of the Oil Industry

In 2006, hydrocarbon production from the Newfoundland and Labrador offshore area accounted for 36.7% of Canada's total light crude production valued at almost \$8.2 billion. The sector directly accounted for 12.6% of the province's real Gross Domestic Product (GDP). Since production commenced in 1997, provincial GDP has grown by 50%, with almost 36% of the growth attributed directly to the oil and gas sector. The sector represented 20.5% of total private capital investment in the province, with over \$794 million in capital expenditures in 2006.

Work expenditure commitments by operators currently total over \$816 million in future exploration activities. Ongoing production activities represent a \$1.3 billion per year industry, of which 55% of annual expenditures occur in Newfoundland and Labrador and a further 23% in the rest of Canada.

The oil and gas sector directly employed 2,837 persons at the end of 2006, which was almost 1.3% of total employment in the province. Indirectly, through spin-off effects, the industry accounted for almost 3.9% of total employment in the province.

Report from Management

Support Services

The Support Services Department is responsible for financial management, human resources, information management, information technology, and administrative services.



During the reporting period, a total of 25 safety audits were conducted on various offshore drilling and production and other installation vessels, including exploration vessels, resulting in 387 observations and 2 findings.

Support Services

At March 31, 2007, the Board's staff complement comprised 65 permanent positions.

During 2006-07, all information management functions were integrated within the Support Services Department. Work was also initiated during the year to prepare for the procurement, installation and configuration of computer software and hardware for a digital petroleum Data Management System (DMS) to be located at the Board's main office in St. John's. The DMS will manage digital petroleum data acquired as a result of approved petroleum activities offshore Newfoundland and Labrador. Pending budget approval, the DMS will provide for the loading, verification, management and distribution of petroleum related data. Acquisition and full implementation of this system is expected to take up to two years.

A security-threat assessment of the Board's premises was conducted during the year by Natural Resources Canada and a number of recommendations are being implemented to improve security of Board premises and operations. A similar security assessment of the Board's information technology infrastructure will be instituted in 2007-08.

In March 2007, the Board approved a Code of Conduct for its employees to enhance the Board's independence as a regulator and quasi-judicial authority.

Like other oil and gas regulatory bodies across Canada, the Board faced competition for its employees in a tight labour market. Two staff members of the Resource Management Department were recruited by industry, raising the Board's level of concern for staff recruitment and retention. Within this context, the Board will continue to strive to recruit and retain diligent and experienced staff.

Appendix I

Project Activities 2006-07

There are three production facilities offshore Newfoundland and Labrador: Hibernia, Terra Nova and White Rose. The following sections of the report pertain to these three production facilities for the 2006-07 fiscal year.



The Board regulates exploration, significant discovery and production licenses covering a 7,365,000 hectare area. That's two-thirds the size of the island portion of the province of Newfoundland and Labrador.

Hibernia

Discovered in 1979, the Hibernia field is located approximately 300 km east southeast of St. John's, Newfoundland and Labrador. The field, located in the Jeanne d'Arc Basin, consists of two principal reservoirs: the Hibernia and Ben Nevis-Avalon reservoirs. The Hibernia field is being produced using a Gravity Based Structure (GBS) and is operated by Hibernia Management and Development Company Ltd. (HMDC).

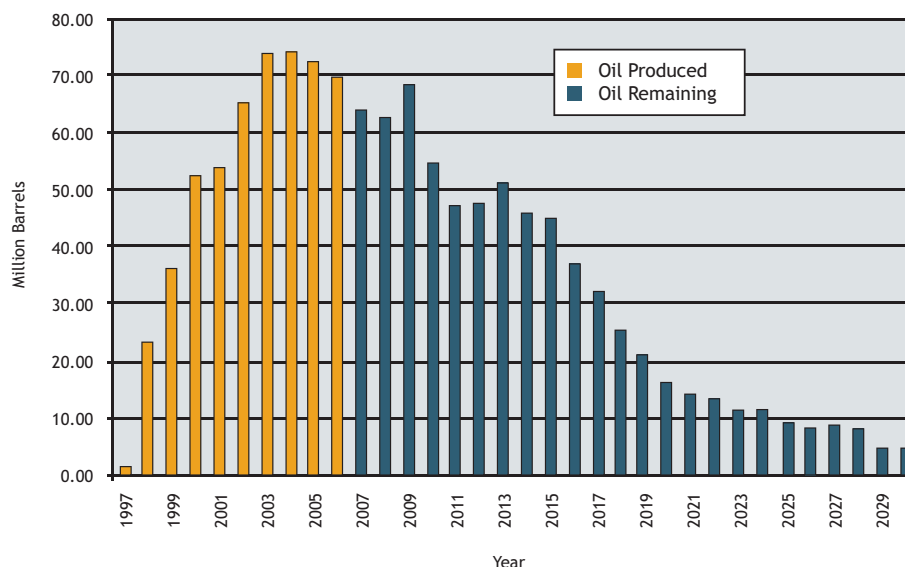
HMDC drilled four development wells from the *Hibernia Platform* during fiscal year 2006-07; one water injector in the Hibernia reservoir and three oil producers (two in the Hibernia reservoir and one in the Ben Nevis/Avalon reservoir). This brings the total number of development wells drilled at Hibernia to 59 (See Figures 12 and 13 in Appendix II). This total includes 32 oil producers, 20 water injectors and seven gas injectors. HMDC also drilled the delineation well, B-16 54W, during the year. As of March 31, 2007, 56 of the 64 drilling slots at the *Hibernia Platform* have been used. During 2006, 22 applications for well operations at the Hibernia field were processed, the majority of which were related to zonal abandonment due to high water production.

Production from the Hibernia field averaged 178,350 barrels of oil per day (bbls/d) in 2006 for a total of 65.1 million barrels, which is less than the 72.6 million barrels produced in 2005. The estimated oil reserves at the Hibernia field are 1.2 billion barrels. As of March 31, 2007, cumulative production was 531 million barrels and remaining reserves at Hibernia are 713 million barrels (See Figure 9 below and Tables 5 and 6 in Appendix II).

Production from Hibernia was interrupted during January 2007, due to a backfire in the turbine exhaust unit on a main power generator. As a result, HMDC moved up the planned shutdown from September 2007 to February 2007. These events contributed to the decrease in production from the Hibernia field during 2006-07.

To assess the development potential of the North West Area of the Ben Nevis/Avalon reservoir, Condition 2003.02.01 of Decision 2003.02 required HMDC to drill a delineation well. The well was spudded by HMDC on December 20, 2006. When drilled and evaluated, it will satisfy this requirement.

Figure 9
Hibernia Field: Oil Production Forecast



HMDC submitted an amendment to the Hibernia Development Plan Update on May 17, 2006, which included development of the Hibernia reservoir southern area and changes in the Hibernia reservoir P block depletion scheme. The Board submitted its Decision Report 2006.02 to Governments on December 19, 2006. HMDC's proposed amendment was approved by the Federal Minister, but rejected by the Provincial Minister and therefore, could not be implemented.

Condition 2003.01.02 of C-NLOPB Decision 2003.01 required HMDC to submit an analysis of the feasibility of produced water re-injection to the Chief Conservation Officer (CCO). In 2004, HMDC submitted a feasibility analysis, which indicated numerous barriers to proceeding with produced water re-injection. In response to the HMDC analysis, the Board engaged an independent consultant to assess the feasibility of produced water re-injection based on the information provided to the Board by HMDC. The independent analysis indicated that, while some technical issues may need to be resolved, the re-injection of produced water is technically feasible. The Board has been working with HMDC to advance engineering studies and analysis in support of this objective. This work was still ongoing as of March 31, 2007.

In a letter of April 8, 2004, the Board requested that miscibility studies for the Hibernia reservoir be completed and submitted to the Board by December 31, 2005. On September 26, 2005, HMDC provided a status report on their compositional simulation modeling plans, which will assess the application of a miscible flood. While HMDC made significant progress by the end of 2005, delays in acquiring key information and analysis led to HMDC not being able to meet the Board's request.

Additional meetings were held with HMDC on July 12, 2006 and December 14, 2006, to confirm this issue was being diligently pursued by the operator. As of March 31, 2007, HMDC were continuing with their analytical and modeling work.

An annual gas flaring approval is issued for each project taking into account its unique operating conditions and development phase. Operators are expected to keep gas flaring below the approved limit. For the Hibernia

field, the approved gas flaring volume for 2006 was 4,254 million scf. During 2006, the total gas flare volume at the Hibernia field was 2,424 million scf. During 2006, 97% of the gas produced at the Hibernia field was utilized (used for fuel or oil recovery) and only 3% flared. HMDC was issued a gas flaring limit of 3,833 million scf for the period November 1, 2006 to October 31, 2007. While oil production volumes are expected to decrease, gas production is expected to increase from the gas flood area.

During the reporting period, routine discharges from the *Hibernia Platform* were within approved limits with the exception of three incidents with respect to produced water and one incident with respect to treated deck drainage. Hibernia has had a number of challenges with the treatment of produced water and continues to work towards maintaining the oil content of its produced water to comply with limits that will come into force in 2008.

Hibernia utilizes a cuttings re-injection system to manage cuttings from well drilling operations. The cuttings re-injection system performed well throughout the 2006-07 reporting period with 100% of all synthetic based mud (SBM) cuttings re-injected.

In 2005, in accordance with Condition 2003.01.03(i) of C-NLOPB Decision 2003.01, HMDC submitted an Environmental Assessment Report describing potential effects of an increase in produced water discharge volumes beyond those originally assessed in the Hibernia Environmental Impact Statement. The C-NLOPB and its advisory agencies in the Federal and Provincial Governments reviewed and provided comments on this document. In response to the review comments, HMDC provided a revised environmental assessment in December 2006. The Board determined that the revised environmental assessment addressed all concerns.

Condition 2003.01.03(ii) required HMDC to submit for review a revised Environmental Effects Monitoring (EEM) plan, which includes provisions for additional monitoring requirements resulting from the environmental assessment for the discharge of produced water in excess of 24,000 m³/d. The revised EEM plan was submitted August 2006 and is currently being reviewed by Board staff.

During the reporting period, four safety audits related to operations on the *Hibernia Platform* were completed. These audits focused on control of work, incident investigations, management of change, occupational health and safety and competence of personnel. In addition, a Board Safety Officer accompanied the Certifying Authority (Lloyd's Register) during a quarterly survey onboard the facility. The audits included a follow-up on corrective actions generated from incident investigations, discussions with the joint occupational health and safety committee, as well as other issues that arose during the reporting period. In addition, a standby vessel compliance audit was conducted on the *Maersk Norseman*. A total of 110 observations and one finding were recorded during the reporting period. As of March

31, 2007, 66 observations have been dealt with to the satisfaction of the Board's Safety Officers. HMDC was continuing to address the remaining outstanding items as of the end of the reporting period.

HMDC reported expenditures of \$379 million for the fiscal year 2006-07 with 81% Canadian content including 61% Newfoundland and Labrador content.

As of March 31, 2007, total direct employment in the province in support of the Hibernia project was 954 persons, including tanker operations. Of this amount, 90% of the workers were Newfoundland and Labrador residents at the time of hire, and 97% were Canadian residents. (See Table 7 in Appendix II.)



Terra Nova

Discovered in 1984, the Terra Nova field is located 350 kilometres east-southeast of St. John's, Newfoundland and Labrador. The field, located in the Jeanne d'Arc Basin consists of one reservoir: the Jeanne d'Arc. The field is being produced with a Floating, Production, Storage and Off-Loading vessel (FPSO) and is operated by Petro-Canada.

Oil production from the *Terra Nova FPSO* was severely impacted during the year by the maintenance/dry dock shutdown and subsequent commissioning operations upon the return of the FPSO to the field. As a result, oil production from the Terra Nova field averaged approximately 72,795 barrels per day (bbls/d) with a total of 13.7 million barrels produced during 2006. The estimated oil reserves in the Terra Nova field are 354 million barrels. As of March 31, 2007, 188 million bbls had been produced and remaining reserves at the Terra Nova field amount to 166 million bbls (See Figure 10 below and Tables 8 and 9 in Appendix II).

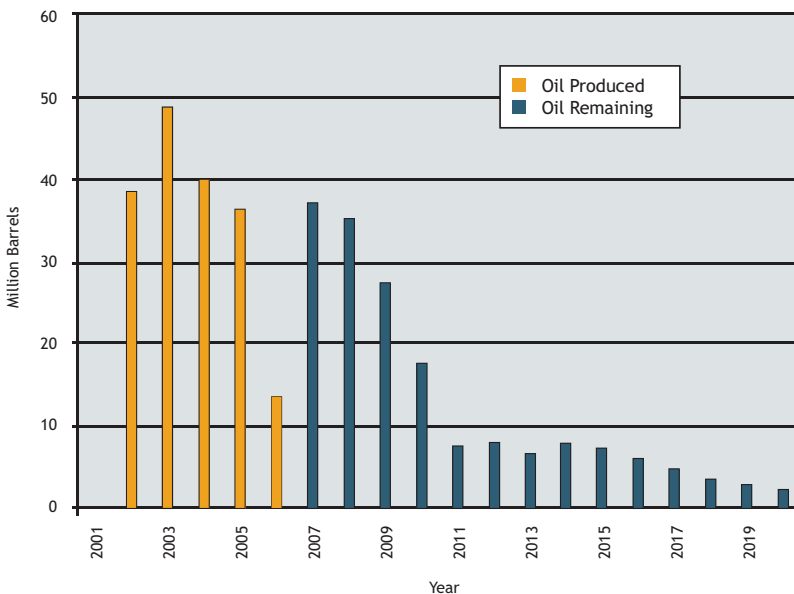
As of March 31, 2007, the semi-submersible drilling rig *Henry Goodrich* had drilled 32 wells at the Terra Nova field; 16 oil producers, 10 water injectors, three gas injectors and three dry holes which were subsequently abandoned (See Figure 14 in Appendix II).

Drilling operations for this stage of the project will be completed during the second quarter of 2007. Further drilling is expected to be conducted around 2011 when drilling slots become available. Of the 28 drilling slots, 27 have been utilized to date.

During the year, in accordance with Decision Report 2005.01 condition, Petro-Canada drilled the Terra Nova I-66 delineation well in the Far East area of the Terra Nova field. Analysis of the information acquired was still being performed at the end of the reporting period.

On February 16, 2006, Petro-Canada submitted the document entitled Updated Exploitation Scheme For Graben C09NW/NC Block of the Terra Nova field to define how it proposed to deal with the lack of sufficient gas to flood all fault blocks in the gas flood area. Petro-Canada proposed switching these blocks from gas flood to water flood as was contemplated in the approved development plan. On June 2, 2006, Petro-Canada was informed their proposal was acceptable and they were permitted to proceed with the updated exploitation scheme.

Figure 10
Terra Nova Field: Oil Production Forecast



During the previous fiscal year, a flare consent volume of 64 million Sm³ was approved for the period January 21, 2006 to July 20, 2006. An extension of the flare consent volume to December 31, 2006 was granted as a result of the extended FPSO shutdown. Also the approved flare volume was increased to 94 million Sm³ to provide for commissioning of the gas compression system which had extensive upgrades during the shutdown. The total gas flared at the Terra Nova field during 2006, was 84.9 million Sm³. During 2006, 78% of the gas produced at The Terra Nova field was utilized (used for fuel or oil recovery).

On December 19, 2006, the Board's Chief Conservation Officer (CCO) and Chief Safety Officer (CSO) approved a gas flare volume of 4,609 million scf for the period January 1, 2007 to December 31, 2007. Prior to this approval, Petro-Canada presented a new flare management strategy, which will be implemented to minimize gas flaring. As a condition of the approval, Petro-Canada is required to provide quarterly updates on the status of gas flaring throughout the year.

Routine discharges from the *Henry Goodrich* and the *Terra Nova FPSO* were within approved limits during the reporting period. Spills from the *Henry Goodrich* and *Terra Nova FPSO* are included in the spill summary statistics presented in the Environmental Affairs section of this report.

During the 2005-2006 reporting period, the C-NLOPB concluded its investigation into a spill of crude oil from the *Terra Nova FPSO* and laid charges against Petro-Canada under the Accord Implementation Acts. On May 3, 2006, Petro-Canada pleaded guilty to spilling 165,000 litres of crude oil from the *Terra Nova FPSO* on November 21, 2004. The court imposed a penalty of \$290,000 consisting of a fine of \$70,000 and a probation order which directed Petro-Canada to pay \$100,000 to Sir Wilfred Grenfell College's Environmental Sciences Merit Scholarship, and \$120,000 to the Environmental Damages Fund.

On April 21, 2006, FPSO personnel noticed oil on the deck and a leak was discovered in piping nearby. The crew took measures to stop the leak and production was shut down. Approximately 300 litres of crude was lost to the sea. Petro-Canada conducted spill remediation at the site and both vessel-based and

aerial surveillance continued for a number of days following the spill. The C-NLOPB investigated the incident and determined that the leak occurred because of corrosion at a pipe bend and that this occurrence of corrosion could not have been reasonably anticipated or detected.

Condition 21 of Decision 97.02 requires Petro-Canada to study the feasibility of reinjecting produced water following the recovery of sufficient volumes of produced water to permit such an analysis. Sufficient volumes of produced water have been recovered and, during the reporting period, Petro-Canada continued its analysis of the feasibility of reinjecting produced water and met with Board staff to discuss the status of that process.

During the reporting period, the Board's Safety Officers made six visits to the *Terra Nova FPSO*. Three of these visits were to conduct safety audits focused on occupational health and safety, emergency response planning and pre-start up operations. One visit was to accompany the Certifying Authority (Lloyd's Register) during their annual survey. The other two visits were associated with witnessing both the disconnect and reconnect operations of the vessel to the spider buoy. Three safety audits related to operations on the *Henry Goodrich* were also completed. The areas audited included competence of personnel, drilling operations and leadership and coordination. These audits also verified matters related to specific incident investigations and issues noted in Joint Occupational Health and Safety committee meetings. In addition, a standby vessel compliance audit was conducted on the *Atlantic Eagle*. A total of 82 observations were recorded during the period. As of March 31, 2007, 58 observations have been dealt with to the satisfaction of the Board's Safety Officers. Petro-Canada was continuing to address the remaining outstanding items as of the end of the reporting period.

A Diving Program Authorization was issued to Petro-Canada in June 2006, to use the diving vessel, *DSV Discovery*, to conduct repairs on the *Terra Nova FPSO*'s mooring system.

Petro-Canada reported expenditures of \$582.6 million for the fiscal year 2006-07, with 77% Canadian content including 58% Newfoundland and Labrador content.

As of March 31, 2007, total employment in support of the Terra Nova project was 947 persons, including tanker operations. At the time of hire, 91% of this total were Newfoundland and Labrador residents and 98% were Canadian residents.

Table 10 in Appendix II summarizes the participation of Newfoundland and Labrador residents and other Canadians in Terra Nova's operating phase workforce.

The 2006 Turnaround Program and fabrication of the Additional Living Quarters (ALQ) took 189 days to complete. Throughout 2006, the C-NLOPB monitored the proponent's commitments and reported to both Federal and Provincial Governments. Over 1.2 million person hours were expended during the 2006 Turnaround and ALQ fabrication. Of these hours, 643,000 (approximately 55%) occurred in the province at Bull Arm, Marystown, and St. John's.



White Rose

Discovered in 1984, the White Rose field is located approximately 350 kilometres east of St. John's, Newfoundland and Labrador. The field, located on the northeastern margin of the Jeanne d'Arc Basin, has one principal reservoir: the Ben Nevis-Avalon reservoir. The field is being produced with a Floating, Production, Storage and Off-Loading vessel (FPSO) and is operated by Husky Oil.

As of March 31, 2007, six production wells and seven water injection wells were operating. A total of 32 million barrels of oil were produced from the White Rose field in 2006, yielding an average rate of approximately 87,800 barrels of oil per day. The estimated oil reserves at the White Rose field are 283 million barrels. As of March 31, 2007, 46 million bbls had been produced and remaining reserves amount to 237 million bbls (See Figure 11 below and Tables 11 and 12 in Appendix II).

Drilling operations have been initiated for 19 wells at the White Rose field as of March 31, 2007; seven oil producers, two gas injectors and 10 water injectors. A total of 16 wells have been drilled to Total Depth (TD) and 15 wells have been completed. During 2006,

Husky Oil drilled two delineation wells in the White Rose field (See Figure 15 in Appendix II).

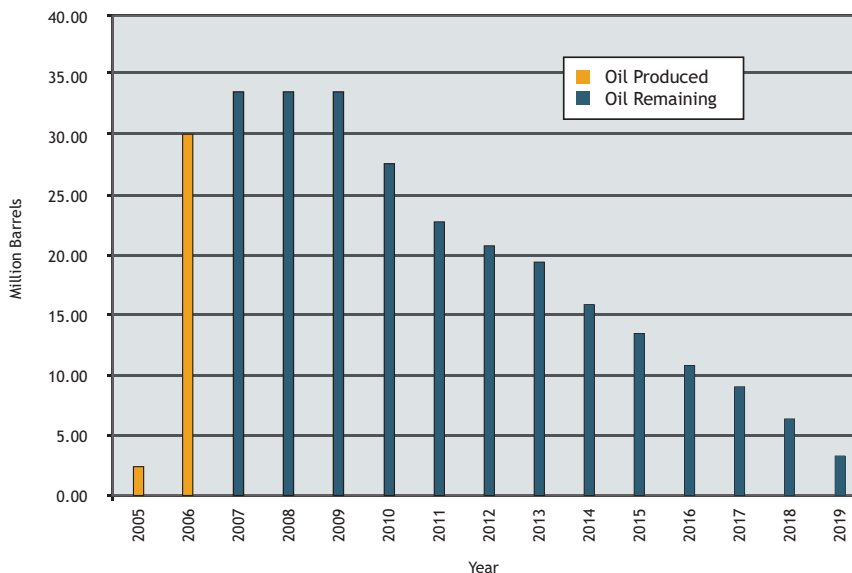
On September 29, 2006, the Board's Chief Conservation Officer (CCO) and Chief Safety Officer (CSO) approved an increase to the Facility Maximum Daily Production Rate from 100,000 barrels of oil per day to 125,000 barrels of oil per day.

During the year, Husky Oil submitted an application to amend the White Rose Development Plan to increase the approved Annual Oil Production Rate (AOPR) from 100,000 barrels of oil per day to 140,000 barrels of oil per day.

Husky Oil submitted a separate Development Plan Amendment application for development of the oil accumulation in the South White Rose Extension Area. Analytical work associated with the review of that application was continuing as of March 31, 2007.

On June 6, 2006, Husky Oil submitted a proposed scope of work for flow system and flow calculation and allocation procedures for phase two of the audit for the White Rose field. Members of the Board's

Figure 11
White Rose Field: Oil Production Forecast



measurement staff participated in the audit both onshore and offshore. No major issues were identified. During 2006, 270 million Sm³ of gas was flared at the White Rose field. This represents 39% of the total gas produced. This high portion of gas flaring is attributed to the initiation of oil production at the field and typical of that experienced at oil fields during initiation of oil production. Gas injection at the field commenced on May 5, 2006 and since that time the portion of gas being flared has been continually declining.

On March 13, 2007, the Board's CCO and CSO approved a gas flare volume of 4,508 million scf for the period March 15, 2007 to March 14, 2008. Prior to this approval, Husky Oil presented a new flare management strategy, which will be implemented to minimize gas flaring. As a condition of approval, the operator is required to provide quarterly updates on the status of gas flaring throughout the year.

No incidents of non-compliance with discharge limits were reported with respect to routine discharges from the *GSF Grand Banks* or the *Rowan Gorilla VI* during the reporting period. The *SeaRose FPSO* reported three incidents of non-compliance with discharge limits associated with discharges of water from the *SeaRose* drainage system. Husky Oil has revised its procedures to reduce the likelihood of a recurrence of this situation.

On October 21, 2004, the *GSF Grand Banks* is alleged to have spilled some 96,600 litres of synthetic-based drilling fluid. The C-NLOPB conducted an investigation into this incident and, on October 18, 2006, Husky Oil was charged on three counts, one under the Acts and two under the Drilling Regulations. At the end of the reporting period, the case was before the court.

As part of the approval for the White Rose EEM program, Husky Oil was to provide additional information regarding the monitoring component for produced water. In September 2005, it submitted a report outlining proposed monitoring methods under consideration. In addition, in the fall of 2006, a plume delineation study of a produced water effluent stream from the FPSO was undertaken. Husky Oil is to submit a report to the Board outlining its primary proposed method for monitoring environmental effects from the produced water effluent stream.

In 2006, Husky Oil submitted a project description respecting the construction of a number of new drill centres in the vicinity of the White Rose field. The locations of these drill centres are outside the original project scope assessed in the White Rose Comprehensive Study and in the Board's Decision 2001.01 respecting production operations at White Rose. The proposed project requires a Screening Level Assessment under the *Canadian Environmental Assessment Act* (CEA Act). For this project, the C-NLOPB, the Department of Fisheries and Oceans and Environment Canada are each considered Responsible Authorities under the CEA Act. The assessment includes activities described in the Development Plan Amendment application for the South White Rose Extension Area and will be completed before the Board finalizes its decision on the Amendment.

During the reporting period, three safety audits related to operations on the *Sea Rose FPSO* were completed. These audits focused on control of work, incident investigations, management of change, occupational health and safety, emergency response planning and maintenance. One of the audits also included a review of lifting operations as part of the C-NLOPB's involvement in the International Regulators Forum Lifting Working Group subcommittee to focus on the significant hazards associated with lifting operations. Four safety audits related to operations on the *GSF Grand Banks* were also completed. The areas audited included control of work, incident investigations, management of change, occupational health and safety and well operations. These audits also verified matters related to specific incident investigations and issues noted in Joint Occupational Health and Safety committee meetings. A standby vessel compliance audit was also conducted on the *Maersk Chancellor*. A total of 115 observations and one finding were recorded during the period. As of March 31, 2007, 85 observations and the finding have been addressed to the satisfaction of the Board's Safety Officers. Husky Oil was continuing to address the remaining outstanding items as of the end of the reporting period.

Husky Oil reported expenditures of \$380.5 million for the fiscal year 2006-07 with 83% Canadian content including 49% Newfoundland and Labrador content.

As of March 31, 2007, total employment in support of the White Rose project was 1,028 persons, including tanker operations. At the time of hire, 84% of this total were Newfoundland and Labrador residents and 93% were Canadian residents (See Table 13 in Appendix II).

During 2006-07, Husky Oil continued its commitment to ensure that disadvantaged individuals and groups have access to employment and training, and have opportunities to participate in the supply of goods and services for the project. Husky Oil and its major contractors continue to facilitate and implement various initiatives consistent with the intent of the White Rose Diversity Plan.

While it was out of service for warranty repairs, Husky Oil replaced the tanker *Heather Knutsen* with the *Catherine Knutsen*. The additional tanker may be used in the field for a longer period once the *Heather Knutsen* returns to the field.



Appendix II

Statistical Summary



99.58% of spills offshore were Synthetic Based Mud. Crude oil constituted 0.39% of all hydrocarbons spilled during the reporting period. The remaining fluids were diesel, hydraulic and lubricating oils, and other hydrocarbon fluids.

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Table 1
Reportable Injuries

Year	Total Reportable Injuries	Total Person Hours Worked	RIFR (Per 1,000,000)
1991 - 92	1	271,201	3.69
1992 - 93	0	32,748	0
1993 - 94	0	3,593	0
1994 - 95	0	7,287	0
1995 - 96	1	71,470	13.99
1996 - 97	5	131,569	38.00
1997 - 98	23	1,972,336	11.66
1998 - 99	23	1,651,856	13.92
1999 - 00	28	2,484,434	11.27
2000 - 01	34	2,775,350	12.25
2001 - 02	23	2,548,727	9.02
2002 - 03	26	2,986,967	8.70
2003 - 04	31	3,232,028	9.59
2004 - 05	14	3,339,957	4.19
2005 - 06	23	4,181,363	5.50
2006 - 07	29	4,388,982	6.61

Information from incident reports is entered into a database and analyzed by various categories. Information categorized into the immediate cause of injury and the injury by type of operation (job) is provided in Figures 1 and 2. Figure 3 illustrates the nature of the injuries that were reported in the fiscal year.

Table 2

Petroleum Reserves¹ and Resources² - Newfoundland and Labrador Offshore Area

Field	Oil		Gas		NGLS ³	
	10 ⁶ m ³	million bbls	10 ⁹ m ³	billion cu. ft.	10 ⁶ m ³	million bbls
Grand Banks						
Hibernia	197.8	1244	50.6	1794	32.2	202
Terra Nova	56.3	354	1.3	45	0.5	3
Hebron	92.4	581	-	-	-	-
Whiterose	45.0	283	76.7	2722	15.3	96
West Ben Nevis	5.7	36	-	-	-	-
Mara	3.6	23	-	-	-	-
Ben Nevis	18.1	114	12.1	429	4.7	30
North Ben Nevis	2.9	18	3.3	116	0.7	4
Springdale	2.2	14	6.7	238	-	-
Nautilus	2.1	13	-	-	-	-
King's Cove	1.6	10	-	-	-	-
South Tempest	1.3	8	-	-	-	-
East Rankin	1.1	7	-	-	-	-
Fortune	0.9	6	-	-	-	-
South Mara	0.6	4	4.1	144	1.2	8
West Bonne Bay	5.7	36	-	-	-	-
North Dana	-	-	13.3	472	1.8	11
Trave	-	-	0.8	30	0.2	1
Sub-Total	437.3	2751	168.9	5990	56.6	355
Labrador Shelf						
North Bjarni	-	-	63.3	2247	13.1	82
Gudrid	-	-	26.0	924	1.0	6
Bjarni	-	-	24.3	863	5.0	31
Hopedale	-	-	3.0	105	0.4	2
Snorri	-	-	3.0	105	0.4	2
Sub-Total	0.0	0.0	119.6	4244	19.9	123
Total	437.3	2751	288.5	10234	76.5	478
Produced⁴	116.5	732.7	0.0	0	0.0	0
Remaining	320.8	2018.3	288.5	10234	76.5	478

1 "Reserves" are volumes of hydrocarbons proven by drilling, testing and interpretation of geological, geophysical and engineering data, that are considered to be recoverable using current technology and under present and anticipated economic conditions. Hibernia, Terra Nova, and White Rose are classified as reserves.

2 "Resources" are volumes of hydrocarbons, expressed at 50% probability of occurrence, assessed to be technically recoverable that have not been delineated and have unknown economic viability.

3 Natural Gas Liquids.

4 Produced oil reserves also include a small quantity of natural gas liquids. Produced volumes as of December 31, 2006.

Table 3
Land Holdings by Representative (March 31, 2007)

Interest Owners' Representative	EL's	Hectares	% of Total EL Hectares	SDL's	Hectares	% of Total SDL Hectares	PL's	Hectares	% of Total PL Hectares
Grand Banks/Orphan Basin									
Norsk Hydro	2	51,581	0.82	1	3,195	1.98			
Chevron	4	1,051,535	16.73	1	3,883	2.41			
ExxonMobil	5	1,080,535	17.19	7	35,607	22.11	2	23,701	58.16
Husky Oil	10	442,862	7.05	21	62,574	38.85	1	2,828	6.94
Imperial Oil				4	5,691	3.53			
Petro Canada	3	146,737	2.33	10	22,020	13.67	3	14,220	34.90
Subtotal	24	2,773,250	44.12	44	132,970	82.56	6	40,749	100.00
West Coast Offshore Region									
B.G. Capital Ltd.	1	124,320	1.98						
ENEG INC.	1	103,040	1.64						
NWest Energy Inc.	4	659,880	10.50						
Ptarmigan Resources	1	140,210	2.23						
Subtotal	7	1,027,450	16.35						
South Grand Banks									
Imperial Oil	1	191,833	3.05						
ConocoPhillips	7	2,292,193	36.47						
Subtotal	8	2,484,026	39.52						
Labrador Offshore Region									
Petro-Canada				4	25,185	15.64			
Husky Oil				1	2,900	1.80			
Subtotal				5	28,085	17.44			
Total	39	6,284,726	100.00	49	161,055	100.0	6	40,749	100.00

Table 4
Operating Licences (2006-2007)

1. OL No. 0601	ExxonMobil Canada Ltd. as managing partner for ExxonMobil Canada Properties
2. OL No. 0602	ExxonMobil Canada Ltd.
3. OL No. 0603	Husky Oil Operations Limited
4. OL No. 0604	Shell Canada Limited
5. OL No. 0605	Hibernia Management and Development Company Ltd.
6. OL No. 0606	Geophysical Service Incorporated
7. OL No. 0607	ConocoPhillips Canada Resources Corporation
8. OL No. 0608	Chevron Canada Limited
9. OL No. 0609	EnCana Corporation
10. OL No. 0610	Chevron Canada Limited as managing partner for Chevron Canada Resources
11. OL No. 0611	Petro-Canada
12. OL No. 0612	Imperial Oil Resources Limited
13. OL No. 0613	Imperial Oil Resources Ventures Limited
14. OL No. 0614	Norsk Hydro Canada Oil and Gas Inc.
15. OL No. 0615	Schlumberger Canada Ltd. as Managing Partner of WesternGeco Canada

Table 5
Field Production Statistics - Hibernia
(First Oil November 17, 1997)

	2006		Cumulative to March 31, 2007	
Production	m3	bbls	m3	bbls
Oil (million)	10.35	65.10	84.38	530.73
Water (million)	6.56	41.26	23.09	145.24
	m3	scf	m3	scf
Gas (billion)	2.50	88.57	20.99	744.94
Gas Disposition (billion)				
Flared	0.068	2.43	1.96	69.37
Fuel	0.16	5.83	1.35	47.96
Injected	2.26	80.32	17.68	627.53

Table 6
Estimates of Recoverable Reserves/Resources - Hibernia Field

Reservoir	Proven		Proven and Probable		Proven Probable and Possible	
Original Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Hibernia	112.3	706	168.8	1062	223.4	1405
Avalon/Ben Nevis	12	75	29	182	73	459
Catalina	-	-	-	-	8.2	52
Total	124.3	782	197.8	1244	304.6	1916
Cumulative Oil Production (as of December 31 2006) ¹ (million)	m ³	bbls	m ³	bbls	m ³	bbls
Hibernia	80	503.2	80	503.2	80	503.2
Avalon/Ben Nevis	2.8	17.6	2.8	17.6	2.8	17.6
Catalina	0.0	0	0.0	0	0.0	0
Total	82.8	520.8	82.8	520.8	82.8	520.8
Remaining Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Hibernia	32.3	202.8	88.8	558.8	143.4	901.8
Avalon/Ben Nevis	9.2	57.4	26.2	164.4	70.2	441.4
Catalina	-	-	-	-	8.2	52
Total	41.5	260.2	115	723.2	221.8	1395
Percent of Original Oil Reserves Recovered						
Hibernia		71.2%		47.4%		35.8%
Avalon/Ben Nevis		23.3%		9.6%		3.8%
Catalina		-		-		-
Original Gas Resources (billion)	m ³	bbls	m ³	bbls	m ³	bbls
Hibernia	23.6	836	44.2	1567	65.9	2340
Ben Nevis/Avalon	1.5	53	3.5	124	5.2	185
Catalina	1.8	64	2.9	103	4.1	146
Total	26.9	953	50.6	1794	75.2	2671
Original NGL Resources (million)	m ³	bbls	m ³	bbls	m ³	bbls
Hibernia	19.5	123	29.8	187	37.8	238
Ben Nevis/Avalon	0.3	2	0.6	4	1.4	9
Catalina	1.3	8	1.8	11	2.5	16
Total	21.1	133	32.2	202	41.7	262

¹ the produced oil reserves also includes a small quantity of the natural gas liquids.

Table 7
Hibernia Operations Phase Employment
(as of March 31, 2007)

Location	Residency ¹			
	Newfoundland & Labrador	Other Canadians	Non-Canadians	Total
Platform Operations	403	32	13	448
Tanker Operations	97	2	1	100
Onshore and Support	364	29	20	413
Total	864	63	34	961

¹ A Newfoundland and Labrador resident is a Canadian (or landed immigrant) who has resided in the Province for the preceding six-month period prior to time of hire.

Table 8
Field Production Statistics - Terra Nova
(First Oil January 20, 2002)

	2006		Cumulative to March 31, 2007	
Production	m3	bbls	m3	bbls
Oil (million)	2.18	13.69	29.94	188.31
Water (million)	1.11	6.96	5.51	34.69
	m3	scf	m3	scf
Gas (billion)	0.38	13.47	5.24	184.98
Gas Disposition (billion)				
Flared	0.085	3.0	1.066	37.66
Fuel	0.038	1.34	0.51	17.93
Injected	0.26	9.14	3.66	129.4

Table 9
Estimates of Recoverable Reserves/Resources - Terra Nova Field

Reservoir	Proven		Proven and Probable		Proven Probable and Possible	
Original Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Jeanne d'Arc	35.6	224	56.3	354	76.3	480
Cumulative Oil Production (as of December 31 2006) ¹ (million)	m ³	bbls	m ³	bbls	m ³	bbls
Jeanne d'Arc	28.2	177.4	28.2	177.4	28.2	177.4
Remaining Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Jeanne d'Arc	7.4	46.6	28.1	176.6	48.1	302.6
Percent of Original Reserves Recovered Jeanne d'Arc		79.2%		50.1%		37%

¹ the produced oil reserves also includes a small quantity of the natural gas liquids.

Table 10
Terra Nova Operations Phase Employment
(as of March 31, 2007)

Location	Residency ¹			
	Newfoundland & Labrador	Other Canadians	Non- Canadians	Total
Platform Operations	376	36	5	417
Tanker Operations	49	1	0	50
Onshore and Support	576	43	50	669
Total	1001	80	55	1136

¹ A Newfoundland and Labrador resident is a Canadian (or landed immigrant) who has resided in the Province for the preceding six-month period prior to time of hire.

Table 11
Field Production Statistics - White Rose
(First Oil November 12, 2005)

	2006		Cumulative to March 31, 2007	
Production	m3	bbls	m3	bbls
Oil (million)	5.09	32.05	7.26	45.64
Water (million)	0.0083	0.052	0.021	0.14
	m3	scf	m3	scf
Gas (billion)	0.69	24.55	0.983	34.9
Gas Disposition (billion)				
Flared	0.27	9.68	0.36	12.61
Fuel	0.062	2.18	0.085	3.0
Injected	0.36	12.69	0.54	19.29

Table 12
Estimates of Recoverable Reserves/Resources - White Rose Field

Reservoir	Proven		Proven and Probable		Proven Probable and Possible	
Original Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Ben Nevis Avalon	34.9	220	41.6	262	50.6	318
Hibernia reservoir	2.1	13	3.4	21	5.5	35
Total	37.0	233	45.0	283	56.1	353
Cumulative Oil Production (as of December 31 2006)¹ (million)	m ³	bbls	m ³	bbls	m ³	bbls
Ben Nevis Avalon	5.5	34.5	5.5	34.5	5.5	34.5
Hibernia reservoir	0.0	0	0.0	0	0.0	0
Total	5.5	34.5	5.5	34.5	5.5	34.5
Remaining Oil Reserves (million)	m ³	bbls	m ³	bbls	m ³	bbls
Ben Nevis Avalon	29.4	185.5	36.1	227.5	45.1	283.5
Hibernia reservoir	2.1	13	3.4	21	5.5	35
Total	31.5	198.5	39.5	248.5	50.6	318.5
Percent of Original Oil Reserves Recovered						
Ben Nevis Avalon		14.8		12.2		9.8
Original Gas Resources (billion)	m ³	scf	m ³	scf	m ³	scf
Ben Nevis Avalon	58.7	2084	68.1	2417	84.7	3005
South Mara reservoir	3.9	138	8.6	302	16.3	580
Total	62.6	2222	76.7	2719	101.0	3585
NGL Resources (million)	m ³	bbls	m ³	bbls	m ³	bbls
Ben Nevis Avalon	9.8	61	13.8	86	19.7	124
South Mara reservoir	0.7	4	1.5	10	3.0	19
Total	10.5	66	15.3	96	22.7	143

¹ the produced oil reserves also includes a small quantity of the natural gas liquids.

Table 13

**White Rose Operations Phase Employment
(as of March 31, 2007)**

Location	Residency ¹			Total
	Newfoundland and Labrador	Other Canadians	Non-Canadians	
Platform Operations	351	67	24	442
Tanker Operations	96	5	0	101
Onshore and Support	362	51	35	448
Total	808	123	59	991

¹ A Newfoundland and Labrador resident is a Canadian (or landed immigrant) who has resided in the Province for the preceding six-month period prior to time of hire.

Figure 1
Immediate Cause of Injury (1997-2006)

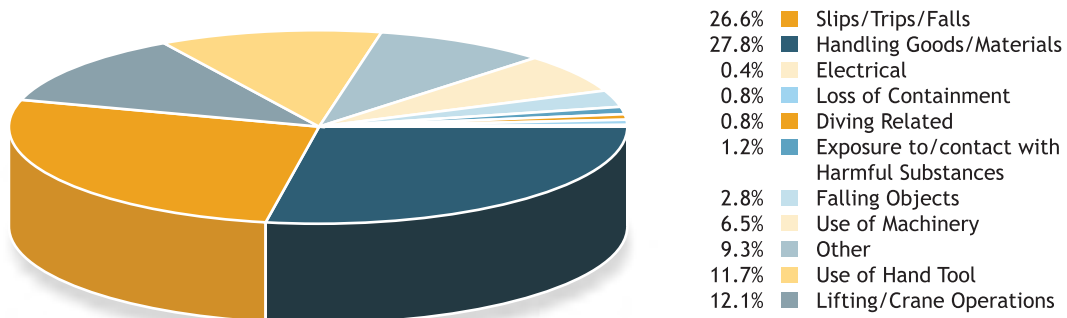


Figure 2
Injury by Operation (1997-2006)

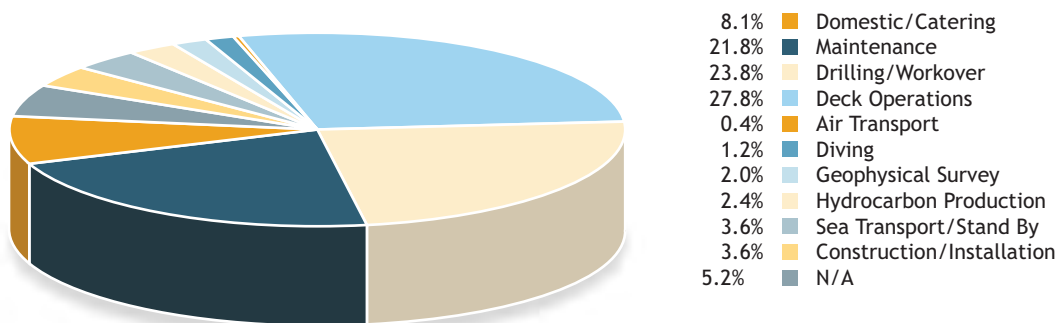


Figure 2 indicates that over 75% of injuries occur while personnel are performing physically demanding jobs.

Figure 3
Nature of Reportable Injury (2006-2007)

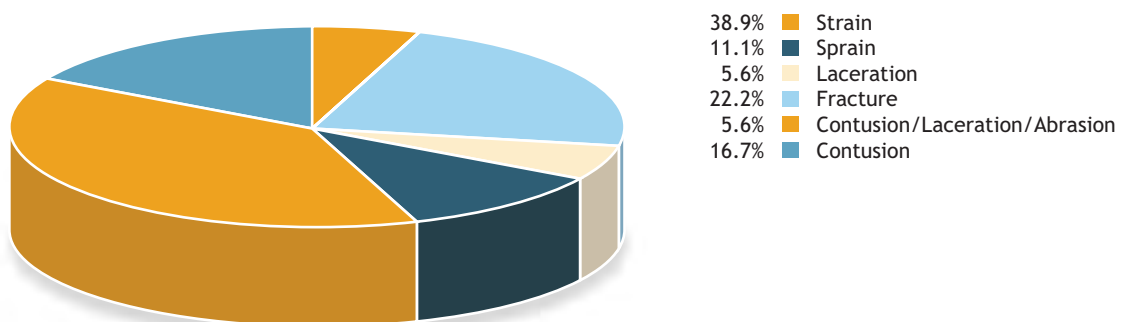


Figure 4
Hydrocarbon Spills (2006-2007)

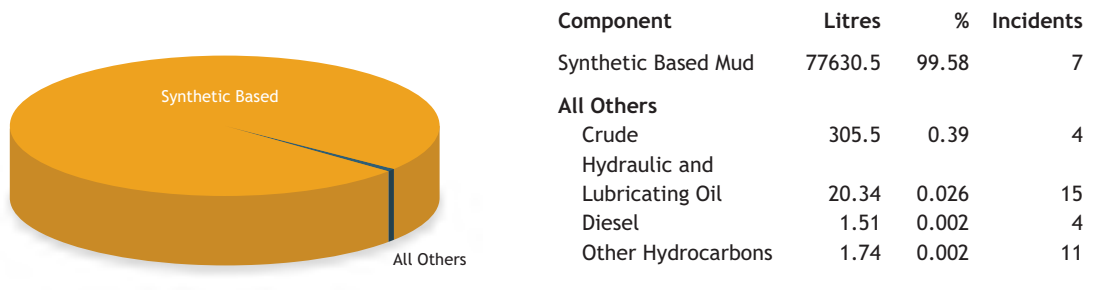


Figure 5
Information Requests by Affiliation

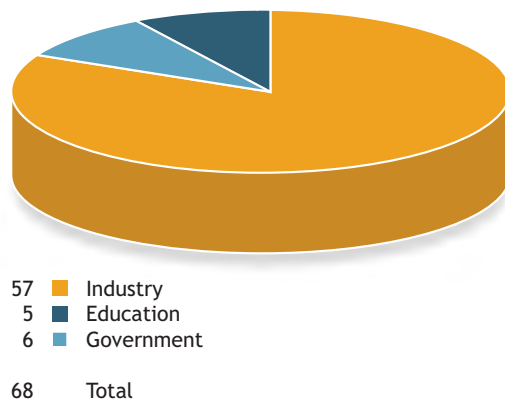
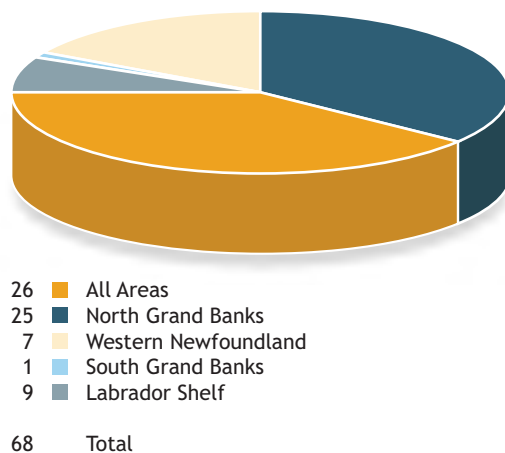


Figure 6
Information Requests by Area



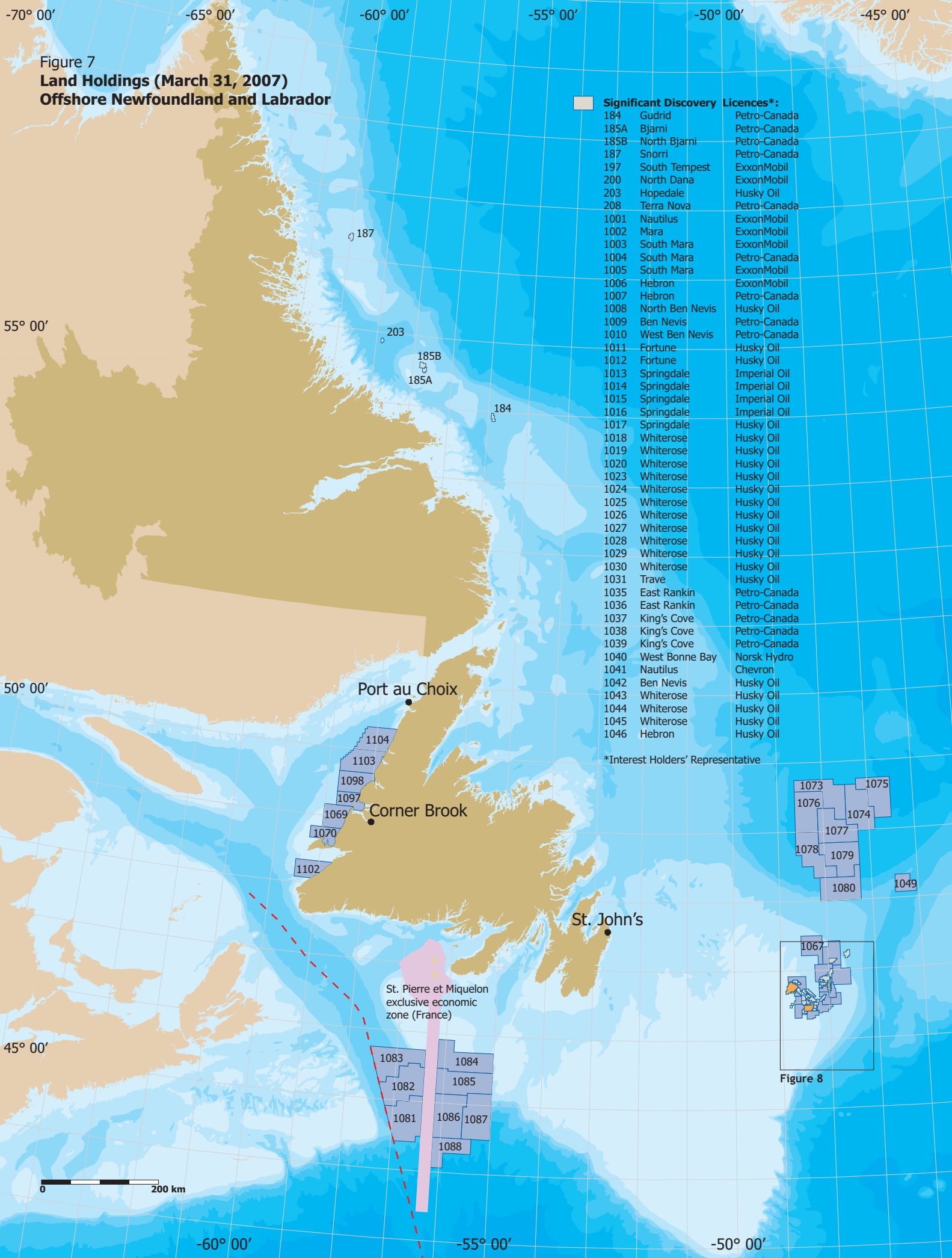


Figure 7
Land Holdings (March 31, 2007)
Offshore Newfoundland and Labrador

	Significant Discovery	Licences*:
184	Gudrid	Petro-Canada
185A	Bjarni	Petro-Canada
185B	North Bjarni	Petro-Canada
187	Snorri	Petro-Canada
197	South Tempest	ExxonMobil
200	North Dana	ExxonMobil
203	Hopedale	Husky Oil
208	Terra Nova	Petro-Canada
1001	Nautilus	ExxonMobil
1002	Mara	ExxonMobil
1003	South Mara	ExxonMobil
1004	South Mara	Petro-Canada
1005	South Mara	ExxonMobil
1006	Hebron	ExxonMobil
1007	Hebron	Petro-Canada
1008	North Ben Nevis	Husky Oil
1009	Ben Nevis	Petro-Canada
1010	West Ben Nevis	Petro-Canada
1011	Fortune	Husky Oil
1012	Fortune	Husky Oil
1013	Springdale	Imperial Oil
1014	Springdale	Imperial Oil
1015	Springdale	Imperial Oil
1016	Springdale	Imperial Oil
1017	Springdale	Husky Oil
1018	Whiterose	Husky Oil
1019	Whiterose	Husky Oil
1020	Whiterose	Husky Oil
1023	Whiterose	Husky Oil
1024	Whiterose	Husky Oil
1025	Whiterose	Husky Oil
1026	Whiterose	Husky Oil
1027	Whiterose	Husky Oil
1028	Whiterose	Husky Oil
1029	Whiterose	Husky Oil
1030	Whiterose	Husky Oil
1031	Trave	Husky Oil
1035	East Rankin	Petro-Canada
1036	East Rankin	Petro-Canada
1037	King's Cove	Petro-Canada
1038	King's Cove	Petro-Canada
1039	King's Cove	Petro-Canada
1040	West Bonne Bay	Norsk Hydro
1041	Nautilus	Chevron
1042	Ben Nevis	Husky Oil
1043	Whiterose	Husky Oil
1044	Whiterose	Husky Oil
1045	Whiterose	Husky Oil
1046	Hebron	Husky Oil

*Interest Holders' Representative

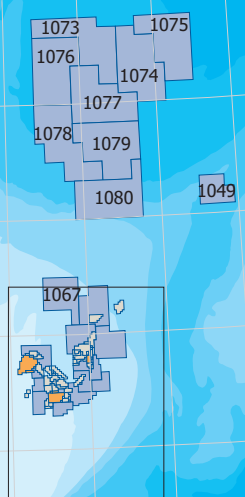


Figure 8

Figure 8
Land Holdings (March 31, 2007)
Jeanne d'Arc Basin

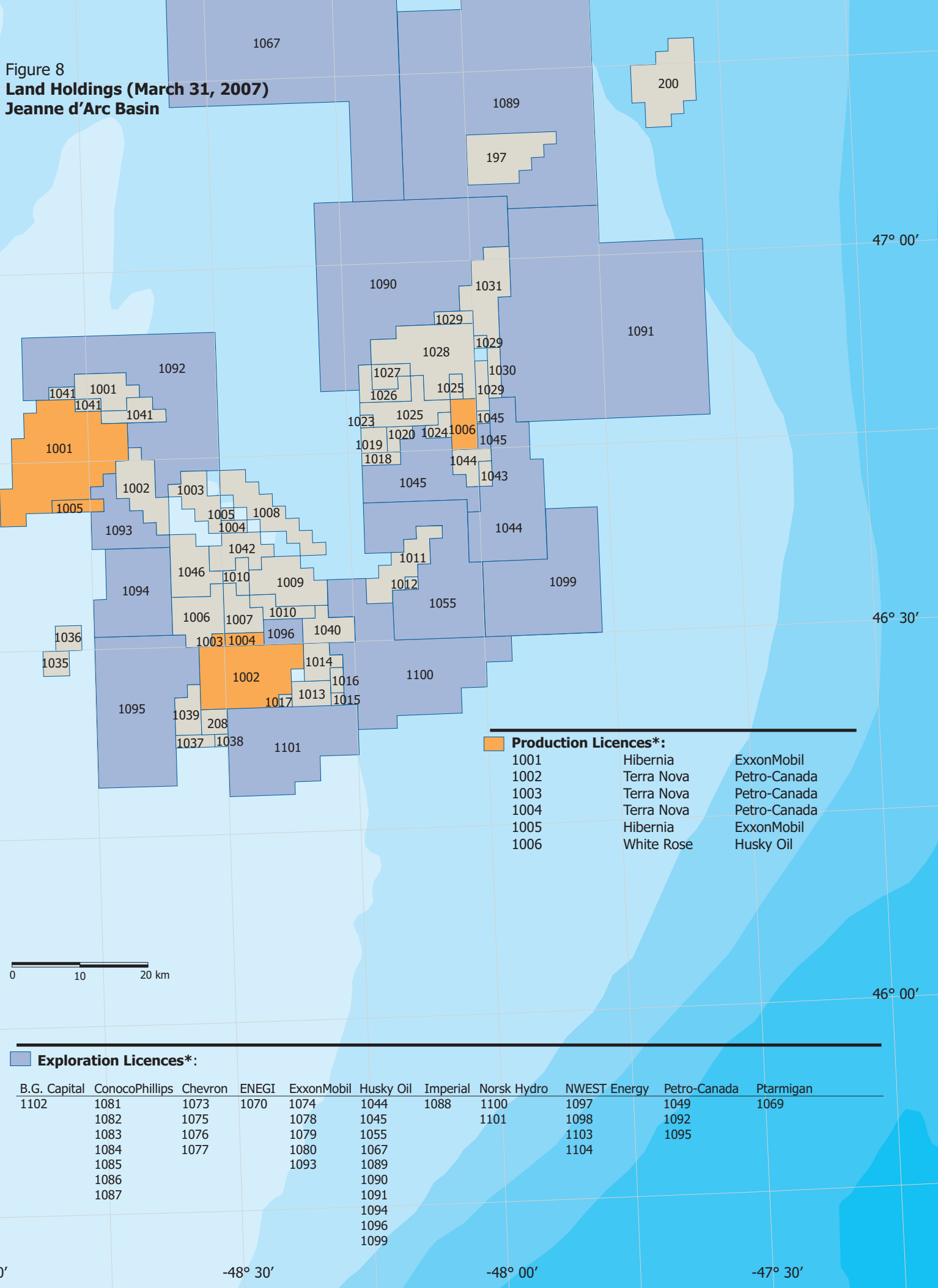


Figure 9
Hibernia Field: Oil Production Forecast

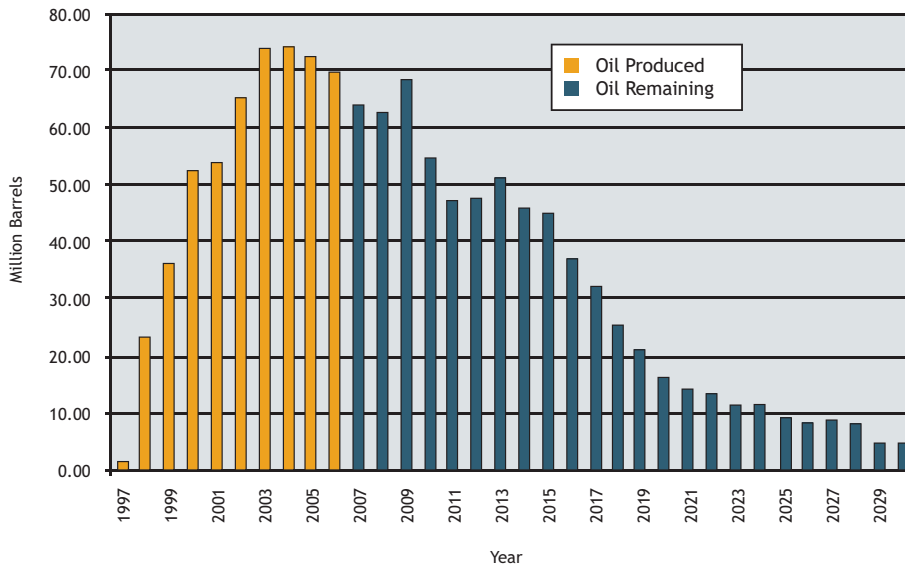


Figure 10
Terra Nova Field: Oil Production Forecast

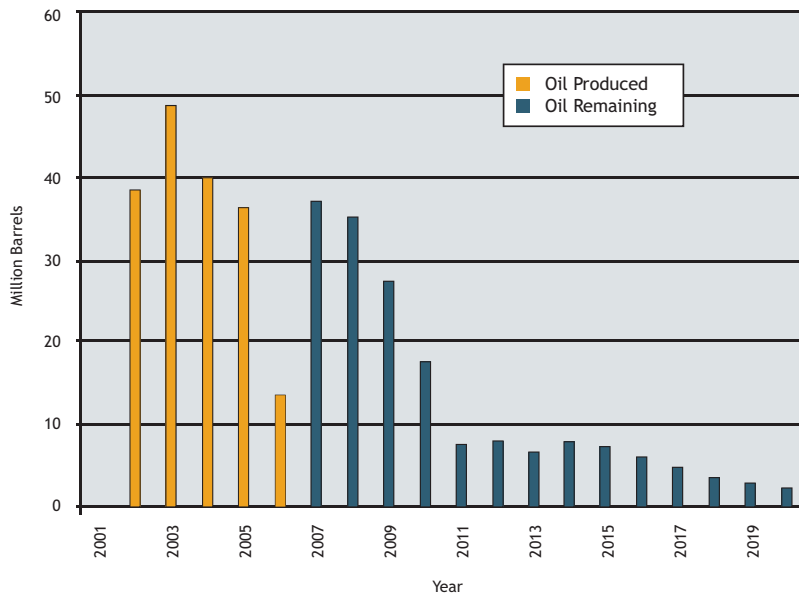


Figure 11
White Rose Field: Oil Production Forecast

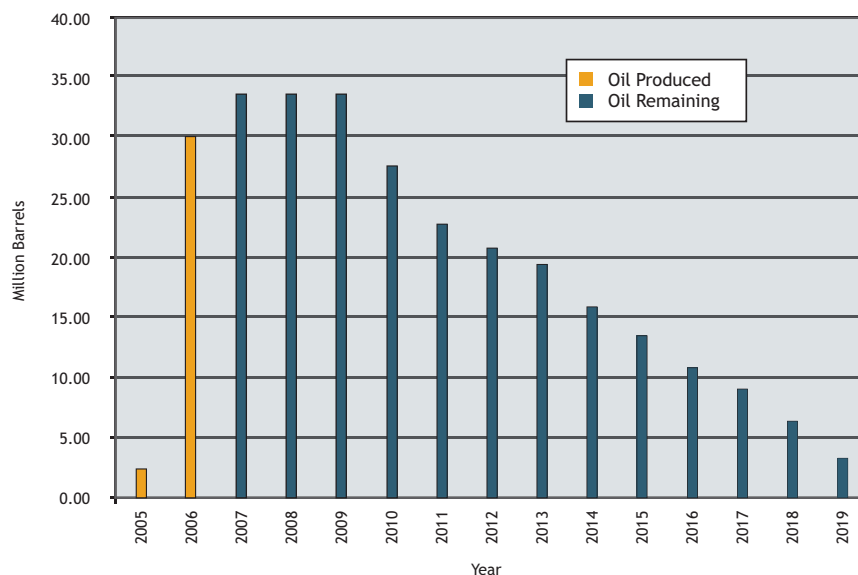


Figure 12
Hibernia Reservoir Development Wells

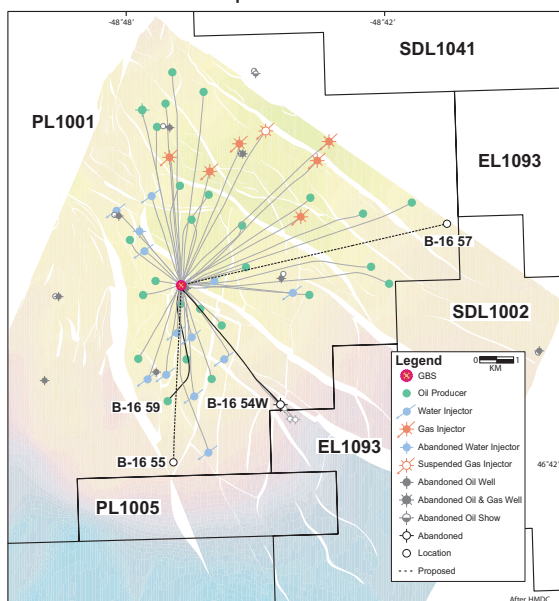


Figure 13
Ben Nevis/Avalon Reservoir Development Wells

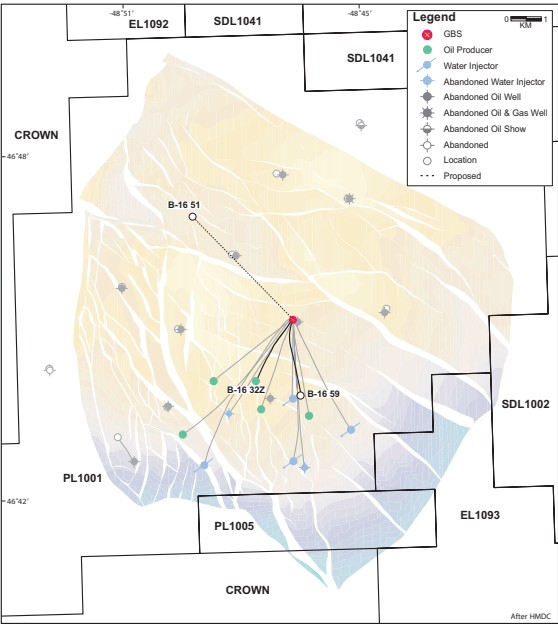


Figure 14
Terra Nova Field Development Wells

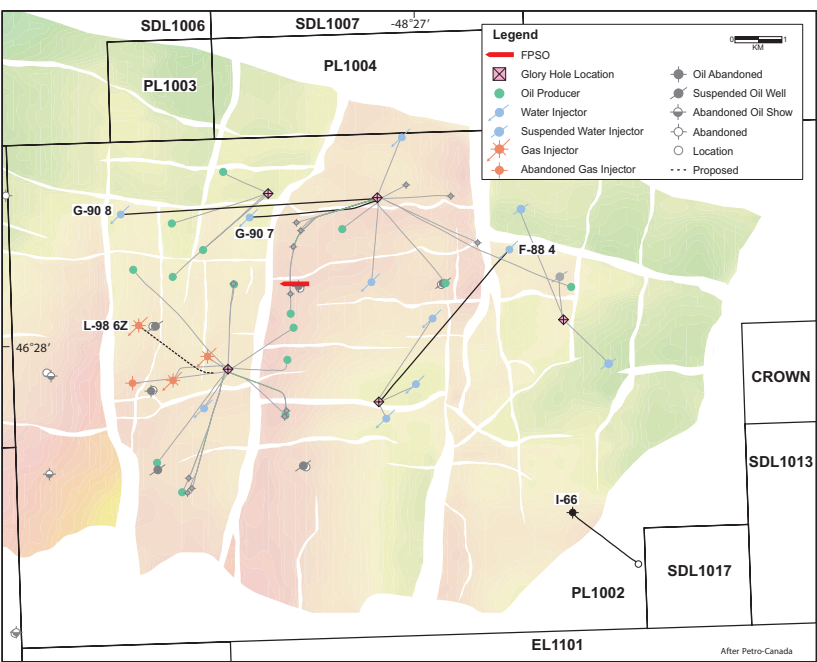
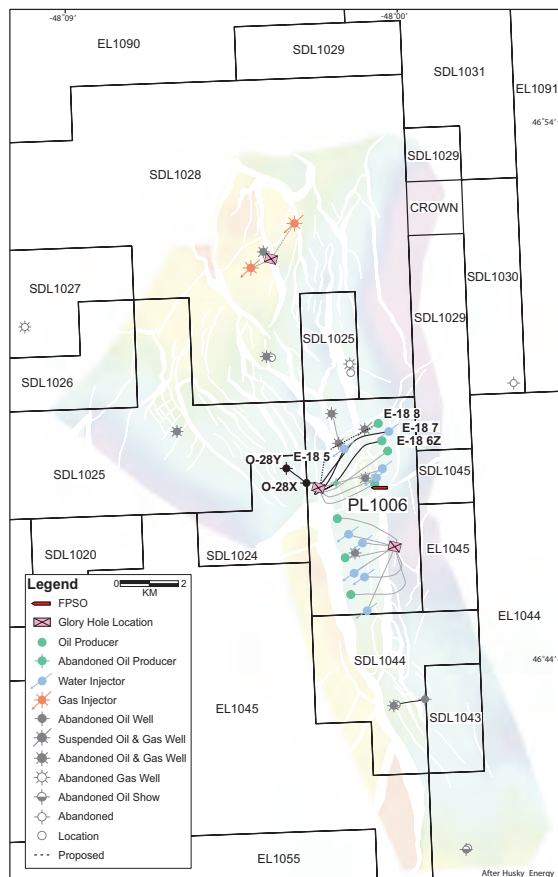


Figure 15
White Rose Field Development Wells



Appendix III

Glossary of Terms



In 2006-07, department staff completed 8 screening-level environmental assessments, 3 which were initiated in 2006-07 and 5 which were ongoing as of March 31, 2007.

3-D Seismic Survey

Seismic data recorded to obtain a high density of sub-surface data points such that a three dimensional cube of data is obtained.

Accord Implementation Acts

The Canada-Newfoundland Atlantic Accord Implementation Act, S.C.1987,c.3 and the Canada-Newfoundland and Labrador Atlantic Accord Implementation (Newfoundland and Labrador) Act, R.S.N.L. 1990,c.C-2. The federal and provincial "mirror" legislation implements the provisions of the 1986 Canada-Newfoundland Atlantic Accord and governs all petroleum-related activities that take place in the offshore area.

Certificate of Fitness

A certificate issued by a certifying authority stating that a design, plan or facility complies with the relevant regulations or requirements, that is fit for purpose and that it can be operated safely and without posing a threat to the environment.

Certifying Authorities

Organizations designated under the Newfoundland Offshore Certificate of Fitness Regulations to conduct examinations of designs, plans and facilities and to issue Certificates of Fitness.

Common Mid-Point Kilometre (CMP)

A seismic vessel towing multiple streamers (3D) will simultaneously collect a number of seismic profiles in the direction of the ship's track. Thus for each sail kilometre of the vessel, several kilometres of data are acquired.

Completion

The activities necessary to prepare a well for the production of oil or gas, or for the injection of water or gas.

Conversion Factors

1 cubic metre liquid 6.2898 barrels (US)
1 barrel (US) 159 litres
1 kilometre (km) 0.62137 miles
1 square kilometre 100 hectares
1 hectare 2.471 acres
1 kPa (Kilopascal) 0.145 psi
1 cubic metre 35.494 cubic feet
1 tcf = 178.5 million boe (barrels of oil equivalent)

Core

A cylindrical sample taken from a formation for geological analysis. Usually a conventional core barrel is substituted for the bit and procures a sample as it penetrates the formation.

CSEM

Controlled source electromagnetic sounding is a form of marine geophysical surveying that allows mapping of subsurface geological resistivities. This can improve detection and differentiation of resistive hydrocarbon reservoirs from water-filled reservoirs and the surrounding less resistive geology.

Cuttings

Chips and small fragments of rock produced by drilling that are circulated up from the drill bit to the surface by drilling mud.

Delineation Well

Well drilled after a discovery well to determine the areal extent of a reservoir.

Development Well

A well drilled within a proven field or area for the purpose of completing the desired pattern of production or a well into which fluids and/or gas is injected to increase or maintain reservoir pressure.

Exploratory Well

A well in an area where petroleum has not been previously found or one targeted for formations above or below known reservoirs.

Field

A general surface area underlain or appearing to be underlain by one or more pools.

Finding

A major nonconformance identified during an audit that may be indicative of a serious safety issue or a systemic problem within the operator's safety management system.

Formation

The term for the primary unit in stratigraphy consisting of a succession of geological strata useful for mapping or description which possesses certain distinctive lithologic and other features, e.g. the Hibernia Formation.

FPSO

Floating Production, Storage and Offloading vessel.

Gas Cap

Free-gas overlying an oil zone and occurring within the same reservoir as the oil.

GBS

Gravity Based Structure

Geophysical Survey

Investigating and mapping the subsurface structure of the Earth's crust using geophysical methods (e.g. seismic) to locate probable reservoir structures capable of producing commercial quantities of natural gas and/or crude oil.

Incident

Any preventable, unplanned, work-related event or exposure that results in or has the potential to result in harm to personnel and/or significant damage to equipment or structures.

Injection

The process of pumping gas or water into an oil or gas-producing reservoir to provide a driving mechanism for increased oil or gas liquids production.

Installation

A diving installation, a drilling installation, a production installation or an accommodation installation.

Miscible

The ability of two or more fluid substances (gases or liquids) to form a single phase.

Observation

A minor nonconformance identified during an audit.

Operator

The holder of an authorization to conduct petroleum or seismic activities in the offshore area.

Petrophysics

The science of measuring rock properties and establishing relationships between these properties based on data obtained from various logging tools and methods, and from drill cores.

Pool

A natural underground reservoir containing or appearing to contain an accumulation of petroleum that is separated or appears to be separated from any other such accumulation.

Produced Water

Water associated with oil and gas reservoirs that is produced along with the oil and gas.

Production

The amount of oil and gas produced in a given period.

Reportable Injury

Any employment injury or an occupational

disease that prevents an employee from reporting for work or from effectively performing all the duties connected with the employee's regular work on the following day, whether or not that day is a working day for that employee; results in a loss by an employee of a body member or part thereof or in a complete loss of its usefulness, or results in the permanent impairment of a body function of an employee.

Reportable Injury Rate

Rate of injuries per million person hours worked.

Reserves

The volumes of hydrocarbons proven by drilling, testing and interpretation of geological, geophysical and engineering data, that are considered to be recoverable using current technology and under present and anticipated economic conditions. Hibernia, Terra Nova, and White Rose are classified as reserves.

Reservoir

A porous, permeable rock formation in which hydrocarbons have accumulated.

Resources

The volumes of hydrocarbons, expressed at 50% probability of occurrence, assessed to be technically recoverable that have not been delineated and have unknown economic viability.

scf

Standard cubic feet. 1 cubic metre = 35.494 cubic feet

Spud

The initial penetration of the ground or seafloor to start the drilling of a well.

Synthetic-Based Mud (SBM)

Drilling mud containing synthetic oil.

Turnaround

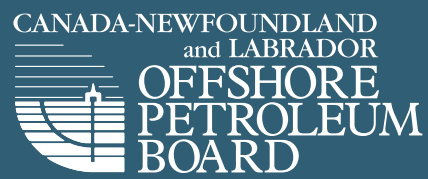
Scheduled or unscheduled downtime to conduct installation, commissioning and/or maintenance activities.

Walkaway vertical seismic profile

A type of vertical seismic profile in which the source is moved progressively farther offset at the surface and receivers are held in a fixed location.

Workover

Operations on a development well to repair equipment or to restore or increase production or injection.



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