

ARKeX Ltd.
North Flemish Pass Gravity Gradient Survey
2013-2017

Scoping Document

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1 Purpose

This document provides scoping information for the Environmental Assessment (EA) of the proposed gravity gradient survey offshore Newfoundland in the North Flemish Pass Area and all other related activities (the Project). ARKeX Ltd. (ARKeX) is proposing to conduct a gravity gradient survey in one or more years within the 2013 to 2017 timeframe. The primary objective of the Project is to determine the presence and likely locations of geological structures that might contain hydrocarbon deposits.

Included in this document is a description of the scope of the project that will be assessed, the factors to be considered in the assessment, and the scope of those factors.

This document has been developed by the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in consultation with federal and provincial fisheries and environmental departments¹.

2 Regulatory Considerations

The Project will require authorizations pursuant to Section 138 (1)(b) of the *Canada-Newfoundland Atlantic Accord Implementation Act* and Section 134(1)(b) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* (Accord Acts).

The C-NLOPB formally delegates the responsibility of an acceptable environmental assessment report and any supporting documents to ARKeX Ltd., the project proponent.

3 Scope of the Project

The project to be assessed consists of the following components:

- 3.1 ARKeX proposes to conduct a gravity gradient survey in one or more years within the 2013 to 2017 timeframe in the North Flemish Pass Area of the Newfoundland and Labrador Offshore Area. ARKeX may conduct surveys in one or more years within a 2013-2017 timeframe. The survey may be executed via a small dedicated marine vessel or by fixed wing aircraft in either year.

4 Factors to be Considered

The EA shall include a consideration of the following factors:

- 4.1 The purpose of the project;
- 4.2 The environmental effects² of the Project, including those due to malfunctions or accidents that may occur in connection with the Project and any change to the Project that may be caused by the environment;

¹Appendix 1 contains a list of the departments and agencies consulted during the preparation of the document.

² The term “environmental effects” is defined in Section 2 of the CEA Act.

- 4.3 Cumulative environmental effects of the Project that are likely to result from the project in combination with other projects or activities that have been or will be carried out;
- 4.4 The significance of the environmental effects described in 4.2 and 4.3;
- 4.5 Measures, including contingency and compensation measures as appropriate, that are technically and economically feasible and that would mitigate any significant adverse environmental effects of the project;
- 4.6 The significance of adverse environmental effects following the employment of mitigative measures, including the feasibility of additional or augmented mitigative measures;
- 4.7 The need for, and the requirements of, any follow-up programs in respect of the Project consistent with the requirements of the CEA Act and the SARA. (Refer to the Canadian Environmental Assessment Agency's 2007 "Operational Policy Statement" regarding Follow-up Programs³); and
- 4.8 Report on consultations undertaken by ARKeX Ltd. with interested other ocean users who may be affected by program activities and/or the general public respecting any of the matters described above.

5 Scope of the Factors to be Considered

ARKeX will prepare and submit to the C-NLOPB an EA for the above-described physical activity, and as described in the "*North Flemish Pass Gravity Gradient Survey*" project description (February 13, 2013). The EA will address the factors listed above; the issues identified in Section 5.2 (following), and document any issues and concerns that may be identified by the proponent through regulatory, stakeholder, and public consultation.

Program activities are proposed for the North Flemish Pass Area, which has been studied in a number of recent EAs. For the purposes of this assessment, the information provided in the EA documents can be used in support of the EA for the proposed program.

It is recommended that the "valued ecosystem component" (VEC) approach be used to focus its analysis. A definition of each VEC (including components or subsets thereof) identified for the purposes of environmental assessment, and the rationale for its selection, shall be provided.

The scope of the factors, to be considered in the EA, will include the components identified in Section 5.2 - Summary of Potential Issues, setting out the specific matters to be considered in assessing the environmental effects of the project and in developing environmental plans for the project, and the "Spatial Boundaries" identified below (Section 5.1). Considerations relating to definition of "significance" of environmental effects are provided in the following sections.

³ CEA Agency Guidance documents and Operational Policy Statements are available on its web site: http://www.ceaa-acee.gc.ca/012/newguidance_e.htm#6.

Discussion of the biological and physical environments should consider the data available for the Project and Study Areas. Where data gaps exist, the EA should clearly identify the lack of data available.

5.1 Boundaries

The EA shall consider the potential effects of the proposed survey program within spatial and temporal boundaries that encompass the periods and areas during and within which the project may potentially interact with, and have an effect on, one or more VECs. These boundaries may vary with each VEC and the factors considered, and should reflect a consideration of:

- the proposed schedule/timing of the gravity survey program;
- the natural variation of a VEC or subset thereof;
- the timing of sensitive life cycle phases in relation to the scheduling of survey activities;
- interrelationships/interactions between and within VECs;
- the time required for recovery from an effect and/or return to a pre-effect condition, including the estimated proportion, level, or amount of recovery; and
- the area within which a VEC functions and within which a project effect may be felt.

The proponent shall clearly define, and provide the rationale for the spatial and temporal boundaries that are used in its EA. The EA report shall clearly describe the spatial boundaries (e. g. Study Area, Project Area) and shall include figures, maps and the corner-point coordinates. Boundaries should be flexible and adaptive to enable adjustment or alteration based on field data. The Study Area will be described based on consideration of potential areas of effects as determined by the scientific literature, and project-environment interactions. A suggested categorization of spatial boundaries follows.

5.1.1 Spatial Boundaries

Project Area

The area in which gravity survey activities are to occur, including the area of the buffer zone normally defined for line changes.

Affected Area

The area which could potentially be affected by project activities beyond the “Project Area”.

Regional Area

The area extending beyond the “Affected Area” boundary. The “Regional Area” boundary will also vary with the component being considered (e.g., boundaries suggested by bathymetric and/or oceanographic considerations).

5.1.2 Temporal Boundaries

The temporal scope should describe the timing of project activities. Scheduling of project activities should consider the timing of sensitive life cycle phases of the VECs in relation to physical activities.

5.2 Summary of Potential Issues

The EA report for the proposed gravity surveys should contain descriptions of the biological and physical environments, as identified below. Where applicable, information may be summarized from existing environmental assessment reports for the North Flemish Pass Area. The EA report should provide only summary descriptions of those biological and physical parameters. However, where new information is available, (e.g., fisheries data) for any of the following factors, the new data and/or information should be provided. If information is not updated, justification must be provided. Where information is summarized from existing EA reports, it should be properly referenced; with specific reference to those sections of the existing EA report summarized.

The EA shall contain descriptions and definitions of EA methodologies employed in the assessment of effects. Where information is summarized from existing EA reports, the sections referenced should be clearly indicated. Effects of relevant Project activities on those VECs most likely to be in the defined Study Area shall be assessed. Discussion of cumulative effects within the Project Area and with other relevant marine projects shall be included. Issues to be considered in the EA shall include, but not be limited to, the following:

Physical Environment

5.2.1 The EA shall provide a brief summary description of the meteorological and oceanographic characteristics, including extreme conditions, and any change to the Project that may be caused by the environment.

Marine Resources

5.2.2 Marine and/or Migratory Birds

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Spatial and temporal species distributions (observations from prior programs should be included);
- Species habitat, feeding, breeding, and migratory characteristics of relevance to the Study Area;
- Noise or any electronic disturbance from equipment including both direct effects (physiological), or indirect effects (foraging behaviour, prey species, adult attendance at the nest);
- Physical displacement as a result of vessel presence (e.g. disruption of foraging activities);
- Attraction of, and increase in, predator species as a result of waste disposal practices (i.e., sanitary and food waste);

- Nocturnal disturbance from light (e.g. increased opportunities for predators, attraction of birds to vessel lighting and subsequent collision, disruption of incubation);
- Procedures for handling birds that may become stranded on survey vessels;
- Means by which bird mortalities associated with project operations may be documented and assessed;
- Effects of hydrocarbon spills from accidental events, including, but not limited to, operational discharges (e.g. deck drainage, gray water, black water);
- Means by which potentially significant adverse effects upon birds may be mitigated through design and/or operational procedures; and
- Environmental effects due to the Project, including cumulative effects.

5.2.3 Marine Fish and Shellfish

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Distribution and abundance of marine fish and invertebrate species utilizing the Study Area with consideration of critical life stages (e.g., spawning areas, overwintering, juvenile distribution, migration);
- Description, to the extent possible, of location, type, diversity and areal extent of marine fish habitat in the Study Area. In particular, those indirectly or directly supporting traditional, aboriginal, historical, present or potential fishing activity, and including any essential (e.g. spawning, feeding, overwintering) habitats;
- The means by which potentially significant adverse effects upon fish (including critical life stages) and commercial fisheries may be mitigated through design, scheduling, and/or operational procedures; and
- Environmental effects due to the Project, including cumulative effects.

5.2.4 Marine Mammals and Sea Turtles

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Spatial and temporal distribution;
- Description of marine mammal and sea turtle life stages/life histories relevant to the Study Area;
- Disturbance to/displacement of marine mammals and sea turtles due to noise and the possibility of ship strikes;
- Means by which potentially significant adverse effects upon marine mammals and sea turtles (including critical life stages) may be mitigated through design, scheduling, and/or operational procedures; and
- Environmental effects due to the Project, including cumulative effects.

5.2.5 Species at Risk (SAR)

Provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated

information should be provided, where applicable, to address any changes to the following:

- A description of SAR as listed in Schedule 1 of the *Species at Risk Act (SARA)*, and those under consideration by COSEWIC in the Study Area, including fish, marine mammal, sea turtles, and seabird species. It is advised that the SARA Registry and COSEWIC website be referred to for the most recent information;
- A description of critical habitat (as defined under SARA), if applicable, to the Study Area;
- Monitoring and mitigation, consistent with recovery strategies/action plans (endangered/threatened) and management plans (special concern);
- A summary statement stating whether project effects are expected to contravene the prohibitions of SARA (Sections 32(1), 33, 58(1));
- Means by which adverse effects upon SAR and their critical habitat may be mitigated through design, scheduling, and/or operational procedures; and
- Assessment of effects (adverse and significant) on SAR and critical habitat, including cumulative effects.

5.2.6 “Sensitive” Areas

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- A description, to the extent possible, of any ‘Sensitive’ Areas in the Study Area deemed important or essential habitat to support any of the marine resources identified;
- Environmental effects due to the project, including cumulative effects, on those “Sensitive” Areas identified; and
- Means by which adverse effects upon “Sensitive” Areas may be mitigated through design, scheduling and/or operational procedures.

Marine Use

5.2.7 Noise/Acoustic Environment

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Disturbance/displacement of VECs and SAR associated with survey activities;
- Means by which potentially significant effects may be mitigated through design, scheduling and/or operational procedures; and
- Effects of survey activities (direct and indirect) including cumulative effects, on the VECs and SAR identified within the EA. Critical life stages should be included.

5.2.8 Presence of Marine Survey Vessel(s)

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish

Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Description of project-related traffic, including routings, volumes, scheduling and vessel types;
- Effects upon access to fishing grounds;
- Effects upon general marine traffic/navigation, including fisheries research surveys, and mitigations to avoid research surveys;
- Means by which potentially significant effects may be mitigated through design, scheduling and/or operational procedures; and
- Environmental effects assessment, including cumulative effects.

5.2.9 Fisheries and Other Ocean Users

Provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- A description of fishery activities (including traditional, existing and potential commercial, recreational and aboriginal/subsistence and foreign fisheries) in the Project Area;
- Consideration of underutilized species and species under moratoria that may be found in the Study Area as determined by analyses of past DFO research surveys and Industry GEAC survey data, with emphasis on those species being considered for future potential fishers, and species under moratoria;
- Traditional historical fishing activity, including abundance data for certain species in this area, prior to the severe decline of many fish species (e.g., a general overview of survey results and fishing patterns in the survey areas for the last 20 years);
- An analysis of the effects of Project operations and accidental events upon the foregoing. The analysis should include consideration of recent scientific literature on effects of survey activity on invertebrate species, including identified data gaps;
- Fisheries liaison/interaction policies and procedures;
- Program(s) for compensation of affected parties, including fisheries interests, for accidental damage resulting from project activities;
- Means by which adverse effects upon commercial fisheries may be mitigated through design and/or operational procedures; and
- Environmental effects due to the Project, including cumulative effects.

5.2.10 Accidental Events

- Discussion on the potential for spill events related to the use and maintenance of streamers.
- Environmental effects of any accidental events arising from accidental releases from the vessels. Cumulative effects in consideration of other oil pollution events (e.g., illegal bilge disposal) should be included.
- Mitigations to reduce or prevent such events from occurring.
- Contingency plans to be implemented in the event of an accidental release.

Air Usage

5.2.11 Presence of Air Survey Vessel(s)

The EA shall provide a summary description, where applicable, of the information presented in existing environmental reports for the North Flemish Pass Area. New or updated information should be provided, where applicable, to address any changes to the following:

- Description of project-related traffic, including routings, volumes, scheduling and vessel types;
- Effects upon access to fishing grounds;
- Effects upon general air traffic/navigation and mitigations to avoid research surveys;
- Means by which potentially significant effects may be mitigated through design, scheduling and/or operational procedures; and
- Environmental effects assessment, including cumulative effects.

Environmental Management

5.2.12 The EA shall outline ARKeX Ltd.'s environmental management system and its components, including, but not limited to:

- Pollution prevention policies and procedures;
- Fisheries liaison/interaction policies and procedures;
- Program(s) for compensation of affected parties, including fishery interests, for accidental damage resulting from project activities; and
- Emergency response plan(s).

Biological and Follow-up Monitoring

5.2.13 Discuss the need for and requirements of a follow-up program (as defined in Section 2 of the CEA Act) and pursuant to the SARA. The discussion should also include any requirement for compensation monitoring (compensation is considered mitigation).

Details regarding the monitoring and observation procedures to be implemented regarding marine mammals, sea turtles and seabirds (observation protocols should be consistent with the C-NLOPB "*Geophysical, Geological, Environmental and Geotechnical Program Guidelines*" (January 2012).

5.2 Significance of Adverse Environmental Effects

The Proponent shall clearly describe the criteria by which it proposes to define the "significance" of any residual adverse environmental effects that are predicted by the EA. This definition should be consistent with the November 1994 CEAA reference guide "*Determining Whether a Project is Likely to Cause Significant Adverse Environmental Effects*", and be relevant to consideration of each VEC (including components or subsets thereof) that is identified. SARA species shall be assessed independent of non-SARA species. The effects assessment methodology should clearly describe how data gaps are considered in the determination of significance of effects.

5.3 Cumulative Effects

The assessment of cumulative environmental effects should be consistent with the principles described in the February 1999 CEAA "*Cumulative Effects Assessment*

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Practitioners' Guide” and in the November 2007 CEAA operational policy statement “*Addressing Cumulative Environmental Effects under the Canadian Environmental Assessment Act*”. It should include a consideration of environmental effects that are likely to result from the proposed project in combination with other projects or activities that have been or will be carried out. These include, but are not limited to: proposed oil and gas activities under EA review (listed on the C-NLOPB Public registry at www.cnlopb.nl.ca); other geophysical activities; fishing activities, including Aboriginal fisheries; other oil and gas activities; and marine transportation. The C-NLOPB website list all current and active offshore petroleum activity within the NL offshore area.

6 Projected Timelines for the Environmental Assessment Process

The following are estimated timelines for completing the EA process. The timelines are offered based on experience with recent environmental assessments of similar project activities.

ACTIVITY	TARGET	RESPONSIBILITY
EA review upon receipt from Proponent	6 weeks	C-NLOPB & Expert Departments and Agencies
Compile comments on EA	1 week	C-NLOPB
Review of EA Addendum/Response Document (<i>if necessary</i>)	3 weeks	C-NLOPB & Expert Departments and Agencies
Screening Report (Determination of Significance of Project Effects)	3 weeks	C-NLOPB
Total	13 weeks	

APPENDIX 1

Departments and Agencies Consulted by C-NLOPB

Federal Departments

Department of National Defence

Environment Canada

Fisheries and Oceans Canada

Health Canada

Natural Resources Canada

Transport Canada

Other Departments/Agencies

Canadian Environmental Assessment Agency

Provincial Departments (Government of Newfoundland and Labrador)

Department of Environment and Conservation

Department of Fisheries and Aquaculture

Department of Natural Resources