



Noia Submission to the Impact Assessment Agency of Canada

Re: Environmental Assessment Report for the Bay du Nord Development Project (Reference Number 80154)

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Introduction

The Newfoundland and Labrador Oil and Gas Industries Association (Noia) was founded in 1977 to represent the supply and service sector of the offshore oil and gas industry. Today, Noia represents approximately 460 member organizations worldwide which are involved in, or benefit from, the oil and gas industry of Newfoundland and Labrador. Noia members are a diverse representation of businesses that range from offshore supply boats and helicopters to health and safety equipment and training, engineering solutions and fabricators, to law firms and human resource agencies.

Noia is pleased to have the opportunity to comment on the Environmental Assessment Report (EAR) for the Core Bay du Nord Development and Project Area Tiebacks (Bay du Nord). The proposed project will be located approximately 500 kilometres east-northeast from St. John's, Newfoundland and Labrador in the Flemish Pass Basin. Equinor Canada Ltd. (Equinor) is the lead developer of the project at 65% ownership, and is partnering with Husky Energy (35%) to develop Bay du Nord using an offshore Floating Production Storage and Offloading (FPSO) vessel.

Value of the Newfoundland and Labrador Offshore Oil and Gas Industry

The offshore oil and gas industry is one of tremendous importance to Newfoundland and Labrador. To quantify that importance, Noia recently engaged Mr. David Campbell of Jupia Consultants to undertake a study on the value of the industry. Mr. Campbell is a former chief economist for the Government of New Brunswick.

Mr. Campbell's study showed that at the peak of the industry in 2007, \$9.5 billion of Newfoundland and Labrador's Gross Domestic Product was derived from the oil and gas industry. The GDP contribution was within that contribution level for seven years. The industry currently contributes more to the provincial economy than the three next contributing industries combined.

In 2017, the oil and gas industry generated 23,500 full-time equivalent jobs in the province (including direct, indirect, and induced jobs). This resulted in approximately \$2 billion in labour income – which is 15 per cent of the provincial total – and \$1.45 billion in consumer spending. The industry generated \$973 million in capital expenditure, \$920 million in royalty payments, and over \$1.4 billion in total tax and royalty revenue.

The study also demonstrated significant economic impacts for Canadians. For every direct job in Newfoundland and Labrador in the oil and gas industry, 1.8 jobs are created in Canada. \$755 million in labour income, \$561.5 million in consumer spending and \$680 million in tax revenue was generated in the rest of Canada in 2017 as a result of the offshore oil and gas industry.

The study forecasts royalty and tax revenue to Newfoundland and Labrador to exceed \$100 billion by 2045, with 56,000 jobs created in 2033. Labour income is modelled to more than double to \$4.6 billion,

as is consumer spending to \$3.5 billion. In 2033, the oil and gas sector has the potential to generate more revenue for the province than the entire economy currently does.

Similarly, for Canada, the future impacts are significant. By 2033, every direct job in Newfoundland and Labrador's oil and gas industry is expected to create 2.3 jobs in Canada. Forecasted impacts include \$1.6 billion in labour income, \$1.2 billion in consumer spending, and \$3.3 billion in tax revenue, all in the rest of Canada.

Bay du Nord – Frontier & Modern Energy Project

The Bay du Nord project is anxiously anticipated by Noia members who participate in the Newfoundland and Labrador offshore oil and gas industry supply chain. Further, a considerably high number of people who live and work in the province are also anxious for the project to begin as it will provide much needed revenue for the provincial government, jobs for residents, and considerable spinoff benefits, as well as generally positive economic news for the province. In terms of value to the province, the project is expected to provide \$3.5 billion in government revenues, 11,000 person years of employment, and \$300 million in research and development. The project will also develop "a supply and service forum to dedicate resources that will identify business opportunities and foster operator-supplier collaboration and global competitiveness." Along with other proposed benefits, these are significant potential benefits for Noia members and the offshore supply chain.

As the Bay du Nord project is a frontier development that will include the most recent innovations in not just offshore oil and gas production, but environmental mitigations and personnel safety, Noia contends this must be given due consideration by the Impact Assessment Agency in the context of the EAR. Conditions issued to the proponent by regulators should be reflective of this and should take into consideration the contemporary approach to all aspects of operations (including environmental mitigations, wildlife and seabird monitoring, and transportation and safety of personnel) employed by the proponent for the project.

As a project proposed with significant technical and digital advancements in all aspects of operation, the conditions placed upon the operator should also incorporate these advancements. The Impact Assessment Agency (and associated project regulators) must evolve with the industry and project proponents. Potential conditions should be reflective of international best practices and should not be limited to doing what has always been done for offshore projects. As the knowledge and expertise of the industry grows and the adoption of new techniques for environmental monitoring occurs by proponents, so should the conditions applied by all regulators. Further, response to information gathered through project operation should also influence how the proponent adapts their mitigation practices. New information gathered by the proponent, or the regulator, should be employed as the project adapts to contemporary information and international best practice.

The Bay du Nord project is the cornerstone offshore project for the evolution in digital and technological advancements of operations. To build a long-term, sustainable offshore oil and gas industry, the potential conditions applied to all projects must be supportive of the most recent technologies available. For example, environmental monitoring which employs advanced technology is more applicable to frontier projects such as Bay du Nord than simply requiring previous methods involving onboard personnel. A contemporary technological approach is safer for employees, wildlife, and the environment. Given that the Bay du Nord project will be the furthest offshore field in the world, using

technology and digitalization – on board the vessel or from an onshore command centre – will provide enhanced safety and monitoring capabilities. Further, the deployment of advanced technology and innovation meets the objectives of recent reports related to the industry such as the Oil and Gas Industry Task Force which encourages deploying the latest technology in all aspects of offshore operations.

In order for the offshore oil and gas industry to continue its growth and further lower its already low carbon emissions, technological advancements must be embraced. The report of the Premier's Economic Recovery Team stressed the importance of not stranding offshore resources and using the revenues from the industry to foster an energy evolution by supporting advancements in green and renewable technologies. This can only occur if all parties operating in the offshore are looking forward and using the most modern of approaches in their activities. Again, this includes all agencies which have a role to play in providing oversight to the industry. Noia encourages all parties to embrace new technologies so that all future projects provide internationally leading environmental and safety protections.

Environmental Mitigations

Greenhouse Gas Emissions

Oil produced from offshore Newfoundland and Labrador is already world leading. The natural resource is 30% below the global average for greenhouse gas emissions at extraction, and in 2017, the Newfoundland and Labrador offshore oil and gas industry produced just 0.23% of Canada's greenhouse gas emissions.

The Bay du Nord project will further enhance the capabilities of the Newfoundland and Labrador offshore to meet world demand for oil by producing a product that will range from 177,770 to 257,715 t CO₂e/year. This will be 2.4% (or less) of Newfoundland and Labrador's annual emissions and just 0.04% (or less) of Canada's annual emissions (2016). Further, Bay du Nord would produce approximately half of the greenhouse gas emissions of the current lowest emitting production facility offshore Newfoundland and Labrador (Table 8.21, Bay du Nord Development Project Environmental Impact Statement), a statistic which underscores the importance of contemporary technological innovations and best practices.

Equinor strives to develop resources in the most carbon-efficient manner possible and this approach will be applied to the Bay du Nord project. Mitigation measures to be employed to achieve this include no routine flaring, the use of high efficiency burners when flaring may be required, evaluation of a pilotless flare ignition system, and the recovery of low-pressure flare gas.

Noise Mitigation

Noia notes that feedback provided to the Impact Assessment Agency during various stages of public consultation of the Bay du Nord project included commentary about noise impacts upon marine life. It is notable that scientists with the Department of Fisheries and Oceans have been studying impacts of the noise generated by offshore oil and gas industry activities on marine life, specifically seismic activity on snow crab in the Atlantic Ocean. For example, a December 2020 study (Morris, Cote, Martin and Mullowney) indicates that seismic activity has not impacted commercial catch rates of snow crab. The study does indicate further research is required:

“Collectively, these studies lend support to our supposition that the observed effects of seismic surveying on catch rates were driven by spatiotemporal variation external to the seismic exposures. Nevertheless, we cannot rule out the potential for 3D seismic surveying to affect commercial Snow Crab catch rates. If 3D seismic does indeed have an impact, the effect remains unpredictable, both in magnitude and direction, and occurs at modest temporal (i.e. within a 2 week period) and spatial scales (< 30 km radius).”

Noia supports the continued collaborative study of this important topic by the industry, regulators, and scientists, based upon scientific practices and data applicable to Canada’s oceans.

Environmental Stewardship

Noia supports an ocean economy where all ocean industries work together for the socioeconomic benefit of the nation and where activity is undertaken in an environmentally conscious manner. The various industries involved in the ocean economy can co-exist and they can do so in a manner that takes into consideration protection of all ocean resources. This has occurred for decades offshore Newfoundland and Labrador and will certainly continue in the best interest of all Canadians.

Noia is cognizant of the responsibility of all participants in the ocean economy to practice environmental stewardship, conservation, and protection. There is an onus upon everyone engaged in the offshore oil and gas industry to protect people, marine life and habitat, marine birds and mammals, and all wildlife. In the case of the Bay du Nord project, Noia believes the proponent has met this responsibility. The proponent has outlined a commitment to meet legislative and regulatory expectations, conduct environmental effects monitoring, and describes the modelling undertaken to protect marine life and habitat, marine birds and migratory birds, and mammals. Significant modeling has been undertaken to determine potential impacts of both production activities and adverse events, and to implement mitigation measures of the project’s affects.

Mitigation plans are also in place for by-products such as drill cuttings and marine discharges. While there will undoubtedly be affects of the project, they are expected to be localized or transient. Blowout preventors will be used and modelling has been undertaken to predict spill trajectories, with plans for response in the unlikely occurrence of such an event. A compensation program will also be in place should accidental events have detrimental impacts. The project proponents have also considered decommissioning for when the project reaches end of life stage.

Again, the use of contemporary methods to ensure environmental protection should be supported by all those engaged in the industry as the best way to protect marine life and habitats, and protect those who work offshore.

Conclusion

As previously mentioned, Noia supports an ocean economy where all the ocean industries work together for the socioeconomic benefit of the nation and where activity is undertaken in an environmentally conscious manner. The various industries involved in the ocean economy can co-exist and they can do so in a manner that takes into consideration protection of all ocean resources. This has occurred for decades offshore Newfoundland and Labrador.

The potential of our ocean economy is both staggering and inspiring and we must strive to provide opportunities and support environmental stewardship that is based upon scientific evidence.

Noia submits that the information outlined above should be considered when assessing the proposed Bay du Nord project in the Flemish Pass Basin. The Bay du Nord project stands to be an international leader in meeting global demand for oil in an environmentally responsible manner and, as indicated in the EAR, the project "...is not likely to cause significant adverse environmental effects..." Given this information, Noia supports the proposed Bay du Nord development project and looks forward to the significant impact it will have upon the offshore oil and gas industry, specifically the supply and service sector, as well as Newfoundland and Labrador and Canada.

Sincerely,

<Original signed by>

Charlene Johnson
CEO
Noia