



Noia Submission to the Impact Assessment Agency

Re: Environmental Impact Statement 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 500 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 personnel agencies.

Noia is pleased to have the opportunity to comment on the Environmental Impact Statement (EIS) 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. The estimated life of field of the project is between 12-20 years and could be extended to 30 years depending upon possible tiebacks.

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.

The Bay du Nord project specifically will 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.

Environmental Mitigations

Greenhouse Gas Emissions

Oil produced from offshore Newfoundland and Labrador is already a world leader. 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 the 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).

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, and the recovery of low pressure flare gas.

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.

The EIS for the Bay du Nord project has met this responsibility. The EIS outlines 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 effects. Mitigation measures include reduced lighting, protocols for stranded birds, survey and assessment for corals, sponges and sea pens, and appropriate mitigations and measures to accommodate such seabed life for well templates. Specific mitigations will be implemented to protect marine life and habitat.

Mitigation plans are also in place for by-products such as drill cuttings and marine discharges. While there will undoubtedly be effects 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.

Canada-Newfoundland and Labrador Offshore Petroleum Board

The Newfoundland and Labrador offshore has decades of history and experience, with stringent regulations and mitigation practices in place. Further, the role of the C-NLOPB as life-cycle regulator has been effective due to extensive experience and knowledge accumulated over decades of involvement with the offshore. It is important to note that environmental safety is a core function of the C-NLOPB, which is also a founding member of the International Offshore Petroleum Environmental Regulators (IOPER), a collaborative group of national regulators whose focus is to drive improvements to environmental performance in the global offshore petroleum and exploration industry. During 2016-17, the focus of IOPER was on environment performance indicators, regulating oil spill preparedness and response, as well as public consultation and decision making.

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 and will certainly continue in the best interest of all Canadians.

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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. 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