

BY-LAW NO.1

A BY-LAW RELATING GENERALLY TO THE CONDUCT OF THE AFFAIRS OF THE CANADA-NEWFOUNDLAND OFFSHORE PETROLEUM BOARD

BE IT ENACTED AND IT IS HEREBY ENACTED as a by-law of the CANADA-NEWFOUNDLAND OFFSHORE PETROLEUM BOARD (hereinafter called the "BOARD") as follows:

DEFINITIONS & INTERPRETATION

1. In this by-law and all other by-laws of the Board, unless the context otherwise specifies or requires:
 - (a) "Federal Act" means the *Canada-Newfoundland Atlantic Accord Implementation Act* as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any references in the by-laws shall be read as referring to such amended or substituted provisions;
 - (b) "Provincial Act" means the *Canada-Newfoundland Atlantic Accord Implementation Newfoundland Act* as from time to time amended, and every statute that may be substituted therefor and, in the case of such amendment or substitution, any references in the by-laws shall be read as referring to such amended or substituted provisions;
 - (c) "by-law" means a by-law of the Board from time to time in force and effect;
 - (d) "Chairman" means the Chairman of the Board appointed pursuant to the Federal Act and Provincial Act;
 - (e) "Chief Executive Officer" means the Chief Executive Officer of the Board appointed pursuant to the Federal Act and Provincial Act;
 - (f) "Executive Committee" means the Chairman and all the Vice-Chairmen if any;
 - (g) "Federal Minister" means the Minister of the Crown in right of Canada, designated pursuant to the Federal Act as the Federal Minister for purposes of the Federal Act;
 - (h) "Vice-Chairman" means a Vice-Chairman of the Board as may be appointed pursuant to the Federal Act and Provincial Act;
 - (i) "member" means a member of the Board appointed pursuant to the Federal Act and Provincial Act;
 - (j) "meeting" means a meeting as provided for under this by-law where at least four (4) members are convened for the purpose of a meeting as contemplated under the Federal Act and Provincial Act, together with such other persons as may be required;
 - (k) "Minister" means the Federal Minister, the Provincial Minister or both, as the context requires;

- (l) "officer" means an officer of the Board which shall include the Chairman, Chief Executive Officer, Vice Chairman, general counsel, secretary or assistant secretary, treasurer or assistant treasurer, or any other individual who performs functions for the Board similar to those normally performed by an individual occupying any such office.
- (m) "Provincial Minister" means the Minister of the Crown in right of the Province, designated pursuant to the Provincial Act, by the Provincial Government as the Provincial Minister for the purposes of the Provincial Act or any provision thereof;
- (n) except as otherwise provided herein, all terms contained in the by-laws which are defined in the Federal Act and Provincial Act shall have the meanings given in such Acts;
- (o) words importing the singular number only shall include the plural and vice versa; words importing the masculine gender shall include the feminine and neuter genders; words importing persons shall include bodies corporate, corporations, companies, partnerships, syndicates, trusts and any number or aggregate of persons;
- (p) the headings used in the by-laws are inserted for reference purposes only and are not to be considered or taken into account in construing the terms or provisions thereof or to be deemed in any way to clarify, modify or explain the effect of any such terms or provisions; and
- (q) nothing contained in any by-law shall be construed to provide any greater or lesser power than may otherwise be provided under the Federal Act and Provincial Act including any regulations made thereunder, either to the Board, or to any member, officer or employee of the Board. Any and all provisions contained in any by-law shall always be subject to the Federal Act and Provincial Act including all regulations made thereunder and in the event of any conflict or inconsistency between any provision contained within a by-law and any provision contained within either the Federal Act or Provincial Act or such regulations, the provision within the Federal Act or Provincial Act or such regulations as the case may be, shall be paramount for the purposes and extent of resolving such conflict or inconsistency.

SEAL

- 2. The Board may from time to time adopt by resolution of the members, an official seal of the Board.

MEMBERS

3. **Vacation of Office**

The position of a member shall be vacated:

- (a) if such member is removed for cause or otherwise vacated from such position as contemplated under the Federal Act or Provincial Act;
- (b) if such member by notice in writing to the Federal Minister and/or Provincial Minister, whichever is appropriate, resigns his position and such resignation becomes effective as specified within such notice;
- (c) upon the death of such member.

MEETING OF MEMBERS

4. Place of Meeting

Meetings may be held either at the City of St. John's, Newfoundland or elsewhere as the members may from time to time decide.

5. Notice

Notice of the time and place for the holding of a meeting together with a proposed agenda, shall be either delivered personally, mailed, telecopied or delivered electronically to each member by the Chairman or his designate not less than seven (7) days (exclusive of the day on which the notice is personally delivered, mailed, telecopied or delivered electronically but inclusive of the day for which notice is given) before the date of the meeting; provided that meetings may be held at any time without such notice if all the members are present for the purpose of that meeting or those absent have waived notice as provided under clause 6 below, or if such meeting is at the request of either Minister. In the event that such a meeting is at the request of either Minister, the Chairman shall ensure that every effort is undertaken to conform with such notice requirements.

6. Waiver of Notice or Irregularity

Notice of any meeting or any irregularity in any such meeting or in the notice thereof may be waived by any member and documented in the minutes of a meeting, or otherwise by written notice, telecopy or electronic message addressed to the Board, and any such waiver may be validly given either before or after the meeting to which such waiver relates.

Notwithstanding the above, attendance of a member at a meeting is a waiver of notice of the meeting, except where a member attends such meeting for the express purpose of objecting to the meeting on the grounds that the meeting is not lawfully called. Nothing in this Clause shall be construed to allow the waiver of any irregularity in such a meeting which would result in any act, omission or proceeding which is illegal, ultra vires or otherwise contrary to this by-law.

7. Adjournment

Any meeting may be adjourned by the chairman of the meeting, with the consent of the majority of the members, to a fixed time and place and no written notice of the time and place for the adjourned meeting need be given to any member. However, an effort shall be undertaken to notify each member who was absent from the original meeting, of the time and place of the adjourned meeting unless such absent member has already indicated his inability to attend. Any adjourned meeting shall be duly constituted if held in accordance with the terms of the adjournment and a quorum is present. The members who formed a quorum at the original meeting need not be the same members who form the quorum at the adjourned meeting. If there is no quorum at the adjourned meeting, the original meeting shall be deemed to have terminated forthwith after its adjournment.

8. Meeting by Telephone

Notwithstanding any other provision contained herein to the contrary, a member may participate in a meeting by means of telephone or such other communication facilities as permit all persons participating in the meeting to hear each other, and a member participating in such a meeting by such means is deemed for the purposes of this by-law to be present at that meeting.

9. **Board Decisions**

The approval and decision making process required of the Board in the performance of its duties and functions, shall be in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time, as more particularly described in Schedule I.

10. **Irregularities**

No act, omission or proceeding of members during a meeting shall be invalid or ineffective by reason only of the subsequent ascertainment of any irregularity in regard to such act, omission or proceeding, unless such irregularity is illegal, ultra vires, or otherwise contrary to this by-law.

OFFICERS & EMPLOYEES

11. **Chairman**

The Chairman, when present, shall preside and may participate in debate at all meetings and shall sign such contracts, documents or instruments in writing as require his signature in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time as more particularly described in Schedule II. The Chairman shall have such other powers and duties as may from time to time be assigned to him pursuant to the Federal Act and the Provincial Act or regulations made thereunder or any by-law or resolution by the members consistent therewith.

12. **Chief Executive Officer**

The Chief Executive Officer of the Board shall exercise general supervision over the business affairs of the Board, and shall sign such contracts, documents or instruments in writing as require his signature in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time as more particularly described in Schedule II. The Chief Executive Officer shall have such other powers and duties as may from time to time be assigned to him pursuant to the Federal Act and Provincial Act or regulations made thereunder or any by-law or resolution by the members consistent therewith.

13. **Vice-Chairman**

- (a) One (1) or two (2) of the members may each be appointed to the office of Vice-Chairman as provided under the Federal Act and Provincial Act. Any such Vice-Chairman so appointed shall sign such contracts, documents or instruments in writing as require his signature in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time as more particularly described in Schedule II. A Vice Chairman shall have such other powers and duties as may from time to time be assigned to him pursuant to any by-law or resolution by the members.
- (b) Unless another member is designated in accordance with the Acts and the by-laws, the full-time Vice-Chairman of the Board shall act as Chairman of the Board during any absence or incapacity of the Chairman or vacancy in the office of Chairman, and the full-time Vice-Chairman, while acting as Chairman, has and may exercise all of the powers and perform all of the duties and functions of the Chairman, until the designation is confirmed or changed in accordance with the Acts and the By-Laws. **(Amended May 7, 2004).**

- (c) Unless another person is designated in accordance with the Acts and the by-laws, the full-time Vice-Chairman of the Board shall act as Chief Executive Officer during any absence or incapacity of that Officer or vacancy in the office of Chief Executive Officer, and the full-time Vice-Chairman, while acting as Chief Executive Officer, has and may exercise all of the powers and perform all of the duties and functions of that office, until the designation is confirmed or changed in accordance with the Acts and the By-Laws. **(Amended May 7, 2004).**

14. **Secretary**

The secretary shall give or cause to be given notices for all meetings when directed to do so and shall have charge of the minute books and official seal (if any) of the Board and, shall sign such contracts, documents or instruments in writing as require his signature in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time as more particularly described in Schedule II. The secretary shall have such other powers and duties as may from time to time be assigned to him by the Chief Executive Officer.

15. **Managers**

The Chief Executive Officer may from time to time appoint one or more managers and may delegate to them such power and authority to manage and direct the business affairs of the Board. A manager shall at all reasonable times give to the members or any of them upon request, all information they may require (excepting personal information) regarding the business affairs of the Board, provided that except in the case of a request for information by a member of the Executive Committee, such request for information by a member shall be made through the Chief Executive Officer.

16. **Appointment of Officers & Employees**

- (a) The Chief Executive Officer may, from time to time, appoint such officers (excepting the offices of Chairman or either Vice-Chairman) as may be required in order to perform the duties and functions of the Board, provided however that any such appointment of officers shall first be approved by the members. To the extent the Board is empowered under the Federal Act and Provincial Act to hire employees to perform the duties and functions of the Board, such power is hereby delegated to The Chief Executive Officer or his designate who may, from time to time, hire such employees.
- (b) If any office created pursuant to this by-law becomes vacant for any reason whatsoever, the Chief Executive Officer shall with the approval of the members, appoint an officer to fill such vacancy.

17. **Remuneration and Removal of Officers, etc.**

The remuneration of all officers (excepting officers who are members) and employees of the Board may be determined from time to time by the Chief Executive Officer in accordance with remuneration policies agreed upon by resolution among the members. All officers (excepting officers who are members) shall be subject to removal by resolution among the members. All employees of the Board shall be subject to removal by the Chief Executive Officer.

18. **Duties of Officers May Be Delegated**

In case of the absence or inability or refusal to act of any officer of the Board (excepting officers who are members) or for any other reason that the Chief Executive Officer may deem sufficient, the Chief Executive Officer may delegate all or any of the powers of such officer to any other officer or to any member until such time that the delegation of such powers is resolved by the members.

MISCELLANEOUS

19. **Financial Disclosure**

- (a) The Board shall, as part of its annual report, include:
 - (i) a financial statement relating to the immediately preceding fiscal year;
 - (ii) a report of the auditor; and
 - (iii) any further information respecting the financial position of the Board and the results of its operations as required by the Federal Act or Provincial Act, or any by-law or resolution by the members consistent therewith.
- (b) The Board shall keep at its office a copy of all its financial statements.
- (c) Any approval on behalf of the Board of any financial statement, budget or annual report or revision thereof, shall be evidenced by the signature of at least two (2) members.
- (d) Except as may be otherwise required by law, or except where such information is contained in an approved and circulated annual report, no member shall disclose any information relating to a financial statement or budget without the consent of the Chairman.

20. **Service**

Any notice or other document required to be given or sent by the Board to any member shall be delivered either personally or mailed in a prepaid envelope or by electronic message or telecopy addressed to such member at his latest address as the same appears in the records of the Board. Each member shall provide his address to the Chairman including any revisions thereto.

21. **Cheques, Drafts, Notes, Etc.**

Unless otherwise provided in Schedule II, all cheques, drafts or orders for the payment of money and all notes, acceptances and bills of exchange shall be signed by such officer or officers or other person or persons, whether or not officers of the Board, and in such manner as the Chief Executive Officer may from time to time designate.

22. **Custody of Funds and Securities**

Subject to any other requirement, all funds and securities owned or held by the Board shall be lodged (in the name of the Board) with a chartered bank or a trust company or in a safety deposit box or, if so authorized by the Chief Executive Officer with such other depositaries or in such other manner as may be determined by the Board from time to time.

23. **Execution of Contracts, Etc.**

Contracts, documents or instruments in writing requiring the signature of the Board shall be signed in accordance with such policy and procedure as may be agreed upon by resolution among the members from time to time as more particularly described in Schedule II. All contracts, documents or instruments in writing so signed shall be binding upon the Board without any further authorization or formality.

In the event the Board adopts an official seal, such seal may if required, be affixed to contracts, documents or instruments in writing and signed by any officer or employee as aforesaid by resolution of the members. Any contract, document or instrument in writing executed on behalf of the Board by an authorized member, officer or agent of the Board is not invalid for reason only that the Board's official seal is not affixed thereto.

The term "contracts, documents or instruments in writing" as used in any by-law refers to contracts, documents or instruments in writing between the Board and another party and shall include without limitation deeds, mortgages, hypothecs, charges, conveyances, transfers and assignments of property (real or personal, immovable or movable), agreements, releases, receipts and discharges for the payment of money or other obligations, conveyances, transfers and assignments of shares, share warrants, bonds, debentures or other securities.

24. **Fiscal Year**

The fiscal period of the Board shall terminate on March 31st of each year.

25. **Schedules**

The following Schedules are attached hereto and made part of this by-law:

Schedule I - Policy and Procedure - Board Approvals and Decisions

Schedule II - Policy and Procedure - Execution of Contracts Etc.

26. **Conflict or Inconsistency**

- (a) In the event of any conflict or inconsistency between any term or condition of the main body of this by-law and any Schedule attached thereto, the term or condition of the former shall prevail to the extent of resolving such conflict or inconsistency.
- (b) In the event of any conflict or inconsistency between any provision within this by-law and any resolution among the members contained elsewhere, the provisions of this by-law shall prevail to the extent of resolving such conflict or inconsistency.

- (c) Notwithstanding subclause 26(b) above, any resolution among the members contained elsewhere, which is specifically intended to amend or repeal this by-law, shall prevail in the event of such conflict or inconsistency.

27. **Replacement of Previous By-Law No. 1**

Effective the date specified below, this by-law and the schedules annexed hereto shall supercede and replace any previous By-Law No. 1 enacted by the Board.

ENACTED the 22nd day of September, 2014

Chair: _____
Scott Tessier

Vice-Chair: _____
Ed Williams

Other Members: _____
Reg Anstey

Ed Drover

Conrad Sullivan

Cynthia Hickman

Lidija Cienjak-Chubbs

Schedule I to By-law No. 1

**Enacted on the 27th day of April, 2001
By The Canada-Newfoundland Offshore Petroleum Board**

Policy and Procedure - Board Approvals and Decisions

1. Purpose

To provide members with a policy and procedure to:

- (a) facilitate the performance of the duties and functions of the Board as required under the Federal Act, Provincial Act and Atlantic Accord; and
- (b) determine the manner in which matters and business before the Board are to be dealt with; and
- (c) generally determine the manner in which the work of the Board together with the management of internal affairs are to be carried on.

2. Decisions under the Federal Act, Provincial Act and Atlantic Accord

The Board shall resolve or authorize the performance of its duties and functions as required under the Federal Act, Provincial Act and Atlantic Accord in the following manner:

- (a) The following matters or actions may be resolved, performed, or authorized solely by the Chairman on behalf of the Board:
 - (i) the designation of a person or persons as acting Chief Executive Officer, Chief Conservation Officer, Chief Safety Officer during any temporary absence of any of these officials.
 - (ii) the issuance of any notice, interest or order authorized or required to be issued by or on behalf of the Board;
 - (iii) the implementation of all fundamental decisions;
 - (iv) the implementation of any request by the Federal Minister to increase the production of suitable crude oil or equivalent substances, in the event of a sudden domestic or import supply shortfall;
 - (v) the implementation of and compliance with any written directives jointly issued to the Board by the Federal Minister and Provincial Minister;

- (vi) any consultations with both Ministers on matters respecting the requirements of any Canada-Newfoundland benefits plan;
- (vii) Subject to subclause 2(c)(xv) below, the approval of any Canada-Newfoundland benefits plan required in association with the authorization of any work or activity;
- (viii) Subject to subclause 2(c)(xvi) below, the negotiation of all memoranda of understanding which may be concluded pursuant to the Federal Act or Provincial Act; (*previously under 2 (b)*)
- (ix) any consent which may be required of the Board respecting the appointment of different representatives for different purposes among interest holders;
- (x) the appointment of a representative among interest holders if so required;
- (xi) any extension of the allowable period for drilling another well where mechanical or technical difficulties prevent the completion of the first well; (*previously under 2(b)*)
- (xii) the provision of information or documents relating to a significant discovery to an interest owner in order to assist such interest owner in complying with a drilling order;
- (xiii) the administration and negotiation with both Ministers, or any request to the Federal or Provincial Minister, regarding any agreement relating to the collection and administration of royalties, interest, or penalties payable under the Federal Act or Provincial Act or regulations made thereunder;
- (xiv) the deposition of any royalties, interest or penalties to the credit of the Receiver General and paid into the Consolidated Revenue Fund, in the manner prescribed by the Treasury Board under the Financial Administration Act R.S.C.;
- (xv) any request respecting the submission of a summary instead of an actual copy of an agreement or arrangement which is to be submitted to the Board by an interest holder, where such agreement or arrangement may result in a transfer, assignment or other disposition of interest;
- (xvi) any direction to the Oil and Gas Committee for the appointment of a time and place for a hearing;
- (xvii) the format in which a form or any information to be given on a form is to be determined, where such form or information is to be prescribed or fixed by the Board in accordance with the Federal Act or Provincial Act or any regulations made thereunder;

- (xviii) the notification of any order by the Board together with reasons for such order, to any interested person as required under the Federal Act or Provincial Act;
- (xix) any offer to issue an exploration licence to an interest owner of a former permit, together with an extension of the negotiation period for such exploration licence, as may be required under the Federal Act or Provincial Act;
- (xx) Subject to subclauses 2(d) and (e), the authorization, issuance, including the determination of related approvals, requirements or deposits, of an operating licence or work authorization, in accordance with the Federal Act or Provincial Act or regulations;
- (xxi) Subject to subclause 2 c)(xx) below, the conduct of such negotiations and discussions in such manner as may be required by or on behalf of the Board with respect to the establishment of terms and conditions of any interest;
- (xxii) the consideration of safety matters including consultations with the Chief Safety Officer relating to the authorization of a work or activity;
- (xxiii) the provision of Board staff including technical and professional assistance to the Oil and Gas Committee, as may be necessary for the proper conduct of the affairs of the Oil and Gas Committee from time to time;
- (xxiv) Except as provided elsewhere, the performance of any duties or exercise of any powers by the Board as may be provided under any regulations made under the Federal Act or Provincial Act;
- (xxv) the approval of any letter of credit, guarantee, indemnity bond or any other form of financial responsibility in a satisfactory amount which may be required of a person conducting any work or activity in the offshore area, pursuant to the Federal Act or Provincial Act or any regulations made thereunder; (*previously under 2(b)*)
- (xxvi) Referring an application for a pooling order or unitization order to the Oil & Gas Committee;
- (xxvii) the publication and supply of copies of any report relating to an inquiry which is held at the direction of the Board pursuant to the Federal Act or Provincial Act;
- (xxviii) Recommend an individual to the Part III Ministers to be jointly designated by them as a conservation officer and/or operational safety officer pursuant to the Federal Act and the Provincial Act;
- (xxviii.1) Recommend an individual to be designated by the Part III.1 Provincial Minister as an occupational health and safety officer pursuant to the Provincial Act, to be further designated by the Federal Minister pursuant to the Federal Act within 30 days of the designation by the Provincial Part III.1

Minister.

- (xxix) any other matter or action required of the Board pursuant to any other Act of Parliament or the Legislature of Newfoundland and Labrador;
 - (xxx) any other matter or action required of the Board pursuant to any regulation made under the Federal Act or Provincial Act, which is not specifically provided for elsewhere under this by-law;
 - (xxxi) any requirement of the Board to keep both governments informed of its decisions; (*previously under 2(b)*)
 - (xxxii) any requirement of the Board to ensure that all applicants, permittees, and licensees concurrently file with both governments, copies of all material filed with the Board; (*previously under 2(b)*)
 - (xxxiii) any requirement of the Board to report any significant event or information received by the Board, to the designated department or agency of both governments; (*previously under 2(b)*)
- (b) For the purposes of this subclause (b), no resolution, performance or authorization of any matter or action under this subclause, shall be invalid for reason only that less than all members of the Executive Committee were able to be contacted for the purposes of achieving such resolution, performance or authorization. The following matters or actions may be resolved, performed, or authorized by the consensus of the Executive Committee on behalf of the Board:
- (i) the fixing of remuneration and expenses for services provided by members of such advisory bodies referred to under subclause 2(c)xviii below;
 - (ii) the approval of any order which prohibits a specified interest owner from commencing or continuing any work or activity as provided under s. 56 of the Federal Act or s. 55 of the Provincial Act; (*previously under 2(c)*)
 - (iii) the consideration of any requests received by the Board to make a call for bids in relation to particular portions of the offshore area;
 - (iv) the approval of the suspension or revocation of any operating licence or work authorization;
 - (v) the establishment of any procedure for compliance by a certifying authority;
 - (vi) any promotion or monitoring of compensation policies for fishermen which are sponsored by the fishing industry respecting damages of a non-attributable nature;

- (vii) the appointment of conservation officers and safety officers as may be required pursuant to the Federal Act or Provincial Act;
 - (viii) any request by the Board to both governments to take action respecting mobility between employment in the federal and provincial public services and employment in the Board, including secondments and portable pensions;
- (c) For the purposes of this subclause (c), no resolution, performance or authorization of any matter or action under this subclause, shall be invalid for reason only that less than all members were able to be contacted for the purposes of achieving such resolution, performance or authorization. The following matters or actions may be resolved, performed, or authorized by the consensus of **all members**, or failing such consensus, by **a majority vote** among all members:
- (i) the designation of a member to act as Chairman during any temporary absence of the Chairman, incapacity of the Chairman or vacancy in the office of Chairman;
 - (ii) the purchase and maintenance of insurance for the Board;
 - (iii) the approval of any recommendations for submission to both governments with respect to any proposed amendments to the Federal Act, Provincial Act, or any regulations made under those Acts;
 - (iv) significant matters respecting the Core Storage and Research Centre;
 - (v) the making, amendment or revocation of any by-laws;
 - (vi) the establishment of any conflict of interest guidelines respecting persons employed by the Board;
 - (vii) the designation of a person to act as Chief Executive Officer during any incapacity of the Chief Executive Officer or vacancy in the office of Chief Executive Officer;
 - (viii) the approval for employment of such officers (excluding the Chairman, Chief Executive Officer or a Vice-Chairman) as are necessary to perform properly the duties and functions of the Board under this Act and the Atlantic Accord;
 - (ix) the appointment of an auditor for the purposes of auditing the financial statements of the Board;
 - (x) the approval of any budget or revised budget prior to its submission to both Ministers for consideration and approval;
 - (xi) the preparation and approval of an annual report prior to its submission to both Ministers;

- (xii) the taking of such measures, pursuant to the directions of the Federal Minister, which are necessary to comply with the obligations of the Government of Canada respecting the allocation of petroleum pursuant to the Agreement On An International Energy Program dated November 18, 1974;
- (xiii) the preparation and submission to both Ministers, of a plan or revised plan outlining the anticipated decisions of the Board respecting the making of calls for bids during a calendar year;
- (xiv) any decision respecting the exercise of any power given to the Board under the Federal Act or Provincial Act respecting the conduct of a public review in relation to any potential development of a pool or field;
- (xv) the approval of any Canada-Newfoundland benefits plan required in association with the approval of a development plan;
- (xvi) the approval of all memoranda of understanding which may be concluded pursuant to the Federal Act or Provincial Act; (*previously under 2(b)*)
- (xvii) the designation of any person or delegation of any powers regarding the performance of the Board's duties as authorized under the Federal Act or Provincial Act;
- (xviii) the appointment and fixing the terms of reference of such advisory bodies as the Board considers appropriate with respect to the administration and operation of Parts II and III under the Federal Act and Provincial Act;
- (xix) the approval of any order which prohibits the issuance of interests in respect of such portions of the offshore area as are specified in the order;
- (xx) the approval of the issuance, amendment and terms and conditions of any interest in respect of any portion of the offshore area as provided under the Federal Act, Provincial Act or regulations made thereunder;
- (xxi) the selection of successful bidders respecting a call for bids for the issuance of interests;
- (xxii) the approval of any call for bids in relation to Crown reserve areas;
- (xxiii) the consolidation of two or more exploration licences or two or more production licences into a single exploration licence or production licence respectively;

- (xxiv) the making, amendment, or revocation of a written declaration of significant discovery or commercial discovery;
- (xxv) the approval of any order which requires the drilling of a well on any portion of a significant discovery area as provided under the Federal Act or Provincial Act;
- (xxvi) the exercise of any power given to the Board respecting the approval of the issuance or revocation of any order to an interest owner which reduces the term of an interest in relation to any portion of a commercial discovery area;
- (xxvii) the authorization of the production of petroleum in accordance with the Federal Act or Provincial Act for use in the exploration, drilling or development of petroleum;
- (xxviii) the approval of an order which extends the term of a production licence;
- (xxix) the approval of a licence for the purpose of subsurface storage of petroleum or any other substance;
- (xxx) the approval of rates fixed by the Federal Minister pursuant to section 80 of the Canada Petroleum Resources Act R.S.C.;
- (xxxi) the appointment of a person as a member of the Environmental Studies Management Board;
- (xxxii) the designation of a Registrar or Deputy Registrar for the purposes of Division VIII of the Federal Act or Division VII of the Provincial Act; (*previously under 2(b)*)
- (xxxiii) the approval of an order for the arbitration of a dispute between two or more interest holders as provided for under the Federal Act or Provincial Act;
- (xxxiii) the approval of the giving of notice to an interest owner or holder for the compliance with any requirement under Part II or III of the Federal Act or Provincial Act, or any regulation made under such Parts, the breach of which may result in the cancellation of the interest owner's or holder's interest or share in such interest;
- (xxxiv) the approval of an order that cancels the interest or share of an interest owner or holder for failure to comply with the notice referred to under subclause 2(c)(xxxiii) above;
- (xxxv) the review and consideration of any recommendations on reports referred to the Board by any advisory body or person including the Oil and Gas Committee;

- (xxxvi) the determination of reasons regarding any order, decision or action made by the Board, where reasons are requested by the affected party;
- (xxxvii) the approval of any development plan in whole or in part, including any amendments thereto;
- (xxxviii) Designate any person as the Chief Safety Officer and any other person as the Chief Conservation Officer pursuant to the Federal Act and the Provincial Act;
- (xxxix) the establishment of an Oil and Gas Committee including the appointment of its members and the determination of their remuneration;
- (xL) any referral to the Oil and Gas Committee for a report or recommendation respecting any question, matter or thing arising under Part III of the Federal Act or Provincial Act or relating to the conservation, production, storage, processing or transportation of petroleum;
- (xLi) the approval of guidelines for publication;
- (xLii) the giving of consent for the institution of prosecution against a person who commits waste as provided for under the Federal Act or Provincial Act;
- (xLiii) the requirement to pay moneys from the operator's financial responsibility funds, including the manner of their payment, in the event of a spill or debris;
- (xLiv) any direction or authorization respecting the holding of an inquiry where there is an occurrence of a spill, or debris, or an accident or incident related to any activity to which Division I of Part III of the Federal Act or Provincial Act applies;
- (xLv) the entering into of any pooling agreement or unit agreement, on behalf of Her Majesty as provided under the Federal Act or Provincial Act;
- (xLvi) any request to the Oil and Gas Committee to state a case for the opinion of the Trial Division of the Supreme Court of Newfoundland, on any question of law or of jurisdiction of the Committee;
- (xLvii) any variation or rescission of any decision or order of the Oil and Gas Committee made under Part III of the Federal Act or Provincial Act;

- (xLviii) the commencement and maintenance of an action to prohibit the commission of any contravention of Part III of the Federal Act or Provincial Act or of the regulations made thereunder;
 - (xLix) any other matter or action required of the Board which is not specifically provided for elsewhere under this by-law;
- (d) The following matters or actions may be resolved, performed or authorized solely by the Chief Conservation Officer on behalf of the Board pursuant to the Drilling and Production Regulations:
- (i) sections 2,3,4 [well name and classification]
 - (ii) subsection 7(1) and 7(2) [flow systems, flow calculation procedure and flow allocation procedures]
 - (iii) section 50 [well or filed data acquisition programs]
 - (iv) section 66 [approval to co-mingle production].
- (e) The following matters or actions may be resolved, performed or authorized jointly by the Chief conservation Officer and the Chief Safety Officer on behalf of the Board pursuant to the Drilling and Production Regulations:
- (i) section 68 [Burning and Disposal of Oil].
- (f) The following matters or actions may be resolved, performed or authorized jointly by the Chief conservation Officer, the Chief Safety Officer and the Manager of Operations on behalf of the Board pursuant to the Drilling and Production Regulations:
- (i) section 5, and sections 10-14 [Approval to Alter the Condition of the Well]
 - (ii) subsection 52(4) [Formation Flow Testing and Formation Flow Testing Program]
 - (iii) section 67 [Gas Flaring and Venting].
- (g) Notwithstanding anything to the contrary contained herein, where a decision, direction or order may be given by or on behalf of the Board as provided under the Federal Act, the Provincial Act, or any regulation made thereunder, or under any by-law, such decision, direction or order may be approved on behalf of the Board by three (3) members which shall include the Chairman, provided always that:
- (i) such decision, direction or order is required under urgent circumstances; and
 - (ii) every effort to obtain authorization among all members has been diligently attempted but has failed, for reason only that not all members were able to be contacted in a timely fashion having due regard to the circumstances at hand.

In the event that any such decision, direction or order is approved as provided under this subclause, such approval shall be reported by the Chairman to all members as soon as practicable.

3. Manner of Performing Duties

- (a) Subject to all other provisions contained herein and any by-law, the Chairman and Executive Committee may perform their respective duties and functions including the handling of business before the Board, together with the management of its internal affairs, in whatever manner they may respectively determine.
- (b) Subject to all other provisions contained herein and any by-law, any resolutions, approvals, or authorizations required of members from time to time, may be provided using any means of communication whatsoever.
- (c) For greater certainty, nothing with respect to the manner in which such matters or actions are resolved, performed or authorized on behalf of the Board as provided for under this section, shall provide any greater power or authority than that otherwise provided herein or under any by-law.

Schedule II to By-law No.1

**Enacted the 27th day of April, 2001
By the Canada-Newfoundland Offshore Petroleum Board**

Policy and Procedure - Execution of Contracts, Etc.

1. All contracts, documents or instruments in writing shall be executed on behalf of the Board by the Chairman and at least one (1) Vice-Chairman or in the absence of a Vice-Chairman, one (1) other member.
2. All such contracts, documents or instruments in writing referred to under clause 1 above shall, prior to such execution, be routed internally for review and initialling by the manager of the originating department, the manager responsible for administration, and the manager responsible for legal services, or by a designated employee within their respective departments.
3. Notwithstanding clauses 1 and 2 above, any execution (including payments) or routing respecting either purchase orders or other contracts, documents or instruments in writing which relate to the commitment of Board funds already authorized, need not be executed or routed as provided for above, but instead may be executed, routed or paid by employees as may be authorized by the Chief Executive Officer.
4. The Chairman may from time to time, delegate to a Vice-Chairman, the Chief Executive Officer or any other officer or employee of the Board, such signing authority as may be necessary with respect to the execution of any contracts, documents or instruments.