



**HEBRON DEVELOPMENT APPLICATION**

**CANADA-NEWFOUNDLAND AND LABRADOR OFFSHORE  
PETROLEUM BOARD**

**DECISION REPORT 2012.01**



## **Introduction**

The Canada-Newfoundland and Labrador Offshore Petroleum Board (the Board) met on April 27, 2012 to consider the Hebron Development Application (Development Plan and Benefits Plan) and its supplementary information.

The Board was guided in its deliberation by a staff analysis of both the Benefits Plan and the Development Plan.

## **Benefits Plan Decision**

In accordance with section 45(2) of the Accord Acts<sup>1</sup>, it is the decision of the Board that the Hebron Benefits Plan is approved subject to the following conditions:

### **Condition 2012.01.01**

- a) Within 60 days of publication of the Board's Decision Report, the Proponent shall provide to the Board and make available to all affected stakeholders including government departments, employee associations, employer associations and training institutions an update of its human resource requirements for the construction phase that takes into account the front end engineering design. This information is to explicitly include the planned labour forecast for each project phase by skilled trade and identify the projected timing of any labour shortage.
- b) The Proponent shall immediately take the necessary steps to develop a plan to deal with any projected labour shortage. The plan should be developed with the assistance of its contractors and in collaboration with the appropriate employee associations, employer associations and training institutions. The plan must be as explicit and detailed as possible and include the following elements:
- details of the specific education and training programs to be implemented to mitigate the shortage;
  - expenditures to be made on education and training in the province aimed specifically at mitigating the shortage including any investments in local education and training organizations and programs;
  - a description of how the specific education and training programs will be executed so as to meet the first consideration requirements for training of residents of the Province;
  - a description of the on-the-job training programs as well as any apprenticeship training programs to be delivered throughout the construction phase; and

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<sup>1</sup> Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act, R.S.N.L. 1990, c. C-2. Canada-Newfoundland Atlantic Accord Implementation Act, S.C. 1987, c.3.

- any other plans and initiatives to mitigate any projected labour shortage.

c) The labour shortage mitigation plan shall be provided to the Board immediately upon completion for its review and assessment and, in any event, the Proponent shall describe to the Board the steps it has taken to mitigate any labour shortage a minimum of six months prior to the projected timing of the shortage.

**Condition 2012.01.02**

a) Within 60 days of the publication of the Board's Decision Report, the Proponent shall describe to the Board the improvements necessary to provide more detailed and descriptive information to the service and supply sector respecting the goods and services and contracting and sub-contracting opportunities associated with the construction of the topsides and GBS, particularly at the forecasting stage.

b) Not later than six months prior to the commencement of any contracting or procurement activity, the Proponent must provide to the supply and service sector detailed information of project requirements associated with each of the following stages of the project:

- Fabrication of the utilities and process module;
- Topsides hook-up, integration and commissioning activities;
- OLS construction, fabrication, installation and commissioning activities;
- Platform tow-out, installation and offshore hook-up and commissioning activities;
- Platform drilling and completion operations as well as platform production operations;
- Any requirements for the supply of additional tankers associated with the export system;
- Any proposed subsea production system; and
- Any other contracting, supply or service opportunities associated with the project.

c) The information to be provided must include a listing of goods and services; a listing of contracting and sub-contracting opportunities; and, information respecting contracting strategy, size of work packages and procurement processes in sufficient detail to provide the supply and service sector in the Province and other parts of Canada with a full and fair opportunity to participate in the project.

**Condition 2012.01.03**

Within 90 days of the publication of the Board's Decision Report, the Proponent shall implement a project wide policy that includes a pro-active approach for reviewing its contracting and procurement strategy for major elements of the project in consultation with the service and supply sector with the explicit objective of ensuring that bid

packages are scaled to enable the participation of Canadian companies with first consideration given to the capacity of local industry. The results of these reviews are to be provided to the Board and communicated to the service and supply community consistent with the Proponent's undertaking to communicate its procurement processes, requirements and expectations in sufficient detail to enable the supply and service sector in the province and other parts of Canada to adequately plan their participation in the project.

### **Development Plan Decision**

It is also a decision of the Board that the Hebron Development Plan is approved subject to the following conditions:

#### **Condition 2012.01.04**

The Proponent shall confirm that any issues regarding potential wave impact loadings on the Hebron facility, which arise as a result of the model testing programs, are appropriately dealt with, to the satisfaction of the Chief Safety Officer, in the structural design of the facility.

#### **Condition 2012.01.05**

The Proponent obtain approval of the Board for its proposed approach to accommodate H<sub>2</sub>S.

#### **Condition 2012.01.06**

The Proponent obtain the approval of the Board for the functional specifications for its proposed shuttle tankers prior to contracting for these vessels.

#### **Condition 2012.01.07**

The Proponent include in the Environmental Protection Plan required by paragraph 6(d) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations* the environmental effects monitoring (EEM) program described in subsections 15.1.1 and 15.1.2 of the September 2011 Hebron Project Comprehensive Study Report, and submit a draft of its EEM program no later than 12 months prior to the scheduled commencement of offshore drilling or production activities.

#### **Condition 2012.01.08**

Prior to commencement of offshore construction activities at the Hebron site, the Proponent collect any field data required to inform the design of its EEM program.

### **Condition 2012.01.09**

The Proponent, prior to finalizing the detailed design of the production facilities, submit a report, satisfactory to the Chief Conservation Officer, describing the Proponent's evaluation of the technical feasibility and economic reasonability of incorporating measures into the design of the facilities that will reduce the amount of greenhouse gases and Criteria Air Contaminants released from them.

### **Condition 2012.01.10**

The Proponent include, as part of the Environmental Protection Plan required by paragraph 6(d) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations*, provisions to re-evaluate, every three years following First Oil, the feasibility of further reducing greenhouse gases and Criteria Air Contaminant emissions.

### **Condition 2012.01.11**

The Proponent provide in the design of the production platform topsides the capability for installing equipment for produced water re-injection and document these provisions in the Environmental Protection Plan required by paragraph 6(d) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations*.

### **Condition 2012.01.12**

The Proponent include in the Environmental Protection Plan required by paragraph 6(d) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations* a schedule for the acquisition of sufficient data to permit an evaluation of the feasibility of produced water re-injection, for the conduct of the necessary tests and analyses to support this evaluation, and for submission of the results of its evaluation to the Chief Conservation Officer.

### **Condition 2012.01.13**

The Proponent proceed with re-injection of produced water if, in the opinion of the Chief Conservation Officer, it is technically feasible and economically reasonable to do so.

### **Condition 2012.01.14**

The Proponent develop, and include in the Environmental Protection Plan required by paragraph 6(d) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations*, a protocol for reporting the occurrence and characteristics of sheens and other surface expression of substances that are associated with an authorized discharge from its drilling and production installations.

**Condition 2012.01.15**

The Proponent, no later than six months prior to the date it plans to receive an Operations Authorization respecting drilling or production operations, demonstrate to the satisfaction of the Chief Conservation Officer that it has ensured that the core support vessels chartered for its operations meet a recognized standard for oil recovery operations.

**Condition 2012.01.16**

Pool 3 be excluded from the approval of the Hebron Project Development Plan and that the Proponent be required to submit a Development Plan Amendment for Pool 3 once additional data is acquired through appraisal drilling or a pilot scheme acceptable to the Board.