



STAFF ANALYSIS:

**HIBERNIA BENEFITS PLAN AMENDMENT
HIBERNIA SOUTHERN EXTENSION PROJECT**

September 2, 2010

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	1
1.0 INTRODUCTION	2
2.0 BACKGROUND	4
3.0 ANALYSIS	4
3.1 SECTION 1 – INTRODUCTION AND BACKGROUND	
3.2 SECTION 2 – PROJECT OVERVIEW	
3.3 SECTION 3 – PROJECT EXECUTION	
3.4 SECTION 4 – CONTRACTING STRATEGY	
3.5 SECTION 5 – RESEARCH AND DEVELOPMENT	
3.6 SECTION 6 – GENDER EQUITY AND DIVERSITY PROGRAM	
3.7 SECTION 7 – BENEFITS MONITORING AND REPORTING	
4.0 GOVERNMENT COMMENTS	14
5.0 PUBLIC COMMENTS	15
5.1 WOMEN IN RESOURCE DEVELOPMENT	
5.2 NEWFOUNDLAND OCEAN INDUSTRIES ASSOCIATION (NOIA)	
6.0 CONCLUSIONS AND RECOMMENDATIONS	18

EXECUTIVE SUMMARY

Staff has analyzed the Hibernia Benefits Plan Amendment in respect of the Hibernia Southern Extension project. The analysis considered the feedback from the web-based public consultation process as well as comments received from the Provincial government.

The Amendment is consistent with section 45 of the Legislation and the Board's guidelines. The Amendment specifically addresses the Hibernia Southern Extension project, R&D and affirmative action, consistent with Decision Report 2009.10 respecting the Amendment to the Hibernia Development Plan. **Accordingly, staff recommend the Amendment be approved subject to confirmation, for greater certainty, that compliance with the equity, diversity, R&D and E&T aspects of the Board's guidelines apply to the entire Hibernia project including the Hibernia Southern Extension project.**

Staff has identified a number of areas to track in monitoring compliance with the Amendment and the Province's Benefits Agreement. Staff is already engaged with the Proponent in monitoring pre-development contracts and will continue to monitor contracting and employment opportunities throughout the development and production phases.

1.0 INTRODUCTION

The Hibernia Southern Extension project (the HSE project) includes the development of five fault blocks in the southern portion of the Hibernia field. Each block will be developed with an oil production well paired with a water injection well, the latter to provide pressure maintenance and recovery. The production wells will be drilled from existing facilities on the platform. The injection wells will be subsea wells drilled from a mobile offshore drilling unit (MODU) and will be located in an excavated drill center to protect the wellheads against the risk of scouring icebergs. A total of ten wells will be required. A water injection line, a high-pressure stimulation line and an umbilical control line will be run from the platform to the subsea facilities via “J-tubes” in the GBS structure. Modifications to the topside facilities will be necessary to accommodate the subsea wells and control systems. The estimated capital cost of the project is \$1.735 billion.

In **Decision Report 2009.10 Respecting the Amendment to the Hibernia Development Plan** for the development of certain Hibernia B Pool reserves using existing infrastructure, the Board accepted staff’s recommendation that a benefits plan amendment was unnecessary. However, staff further recommended, and it was accepted by the Board, that a benefits plan amendment was required prior to development of the Hibernia South Unit. This was necessary to provide supplementary information related to executing the HSE project and to affirm the operator’s commitments to abide with the legislation in respect of both R&D/E&T and diversity given that the existing Hibernia Benefits Plan did not address these two matters in the context of the Board’s guidelines (February, 2006).

Sub-section 45(2) of the Atlantic Accord Act legislation specifies that approval of a Benefits Plan is a prerequisite to approving any Development Plan unless the Board decides that it is in the public interest to waive the requirement for a plan. In this

instance the Board determined that a benefits plan amendment is required and, accordingly, it will be necessary for the Board to make a decision on this matter prior to making a decision on the associated Development Plan Amendment.

The Amendment was received by the C-NLOPB on February 24, 2010. Copies were sent to the Federal and Provincial Natural Resource Departments for comment. Comments were received from the Provincial Department. No comments were received from the Federal Government.

Once the Development Plan Amendment and the Benefits Plan Amendment was complete a web-based public review was conducted. Comments respecting the Benefits Plan Amendment were received from two interest groups – Newfoundland Ocean Industries Association (NOIA) and Women in Resource Development Corporation (WRDC).

This report presents the results of the staff's analysis of the Amendment and makes a recommendation to the Board with respect to this matter. In conducting the analysis, staff took account of the comments from the Provincial Government as well as feedback from the public consultation process.

2.0 BACKGROUND

2.1 Development Application

HMDC (the Proponent) submitted a development application for the HSE project consisting of the following documents:

- Hibernia Development Plan Amendment (January 2010)
- Amendment to the Hibernia Benefits Plan – Hibernia Southern Extension Project: (February 2010)

The analysis of the Development Plan Amendment is dealt with separately. This report focuses on the Benefits Plan Amendment, hereinafter referred to simply as “the Amendment”.

2.2 The Amendment

The Amendment submitted in February 2010 is the first amendment to Hibernia’s Benefits Plan since the original Hibernia Benefits Plan was approved by the Board in Decision 86.01 in June 1986. The 1986 decision dealt with the application for approval of both the Hibernia Canada-Newfoundland Benefits Plan and the Hibernia Development Plan.

3.0 ANALYSIS

In reviewing the adequacy of the Amendment, staff assessed it against the statutory provisions of section 45 of the legislation. Staff also relied on the interpretation of this legislation in the Board’s Benefits Plan guidelines dated February 2006. In addition, the Amendment was reviewed to ensure it was consistent with the Province’s Hibernia South Extension Benefits Agreement (the HSE Benefits Agreement). Each aspect of the Amendment is discussed below together with Staff’s commentary and assessment.

3.1 Section 1 - Introduction and Background

In Section 1 of the Amendment, the Proponent indicates that the HSE project will be executed in accordance with the principles and commitments contained in the approved Hibernia Benefits Plan. This reaffirms the operator's commitment to comply with section 45 of the legislation and, in staff's view, this is appropriate.

Further, the Proponent indicated that it is concluding a Benefits Agreement for the HSE Project with the Province, and that this agreement will be consistent with the commitments made by HMDC in the Amendment. Since submitting the Amendment on February 24, 2010 the HSE Benefits Agreement has been concluded. On March 10, 2010 the Honourable Kathy Dunderdale, Minister of Natural Resources requested the Board to monitor HMDC's compliance with the commitments contained in Article 4 of the agreement. On April 1, 2010, the Board confirmed it's willingness to undertake this task and indicated that it will monitor the HSE Benefits Agreement along with the monitoring of the Benefits Plan provisions. In monitoring the obligations and commitments, staff will liaise closely with the Provincial Department of Natural Resources as well as representatives of Natural Resources Canada. This monitoring will be necessary throughout the construction phase of the HSE project as well as during ongoing production operations of the Hibernia project which will include the HSE project.

3.2 Section 2 – Project Overview

A high-level overview of the project is provided by the Proponent in section 2 of the Amendment. This is adequate in relation to benefits. A detailed description of the project is contained in the Development Plan Amendment.

3.3 Section 3 - Project Execution

The Proponent's project execution plan covers a range of activities including project management, engineering, topsides modifications, fabrication, installation, drilling, production, logistics and support.

The Amendment confirms that all project activities will be managed locally. Front end engineering design (FEED) will be undertaken in-house, with technical support from specialist engineering contractors and ExxonMobil in Houston.

The Proponent has indicated that detailed engineering of subsea facilities as well as construction and installation of subsea facilities is expected to be undertaken by international specialist subsea contractors. From staff's perspective, this is expected as there are no Canadian or NL companies which provide such services, however a number of these contractors have a significant local presence. In addition, the HSE Benefits agreement stipulates that all engineering that can be performed in the Province will be performed in the Province. This will be monitored for compliance throughout the project execution phase.

There is likely to be sub-contracting opportunities available for NL and other Canadian companies in respect of subsea engineering, fabrication, construction and installation activities. This will be monitored by staff in the normal manner through the review of forecasts and designation of selected sub-contracts. The Proponent will also be expected to ensure that the business community is provided with timely forecasts of contracting and procurement opportunities.

Topsides engineering and modifications will be managed by Production Services Network – the Proponent's long term EPC modifications contractor in St. John's. This work is required to be performed in the Province as per the HSE Benefits Agreement.

Platform drilling, as well as production operations, and the various logistics and support activities including shore-based infrastructure, support vessels, helicopter support and other support services will also use existing resources and established infrastructure, contracts and services. For the most part there will not be any new opportunities in these areas, nevertheless the ongoing procurement activities associated with steady state

operations will be monitored through the regular submission of quarterly benefits reports from the Proponent. Any new contracting and procurement opportunities will be subject to the full and fair opportunity and first consideration requirements.

The drilling of the five subsea water injection wells commencing in 2013 will require the services of a drilling contractor and MODU. This will present significant sub-contracting opportunities for local and other Canadian service providers and will be monitored by staff in accordance with established procedures.

The Proponent has re-affirmed in the Amendment that all contracting and procurement activities will be undertaken in accordance with the relevant provisions of the Atlantic Accord Acts and the approved Hibernia Benefits Plan. For greater certainty, a condition of the current Operations Authorization is that the operator must comply with the approved Benefits Plan and any amendments to the approved plan. This links this commitment to the authorization for compliance and enforcement purposes. Staff will ensure that any authorization, or amendment to any authorization governing the HSE project also includes this stipulation.

The Amendment also indicates that any EPC contractors will be contractually required to have procurement offices in the Province. This is an important aspect for local vendors and suppliers and is consistent with both the Board's guidelines and the HSE Benefits Agreement. This aspect will be verified by staff following the award of the EPC contracts.

3.4 Section 4 - Contracting Strategy and Local Capability Assessment

The Proponent identified that four main contracts will be tendered for the HSE project:

- Pipelines, Umbilical and Subsea Equipment Installation (EPC-1), including the installation of the subsea drilling templates and manifolds and provision of support services such as diving operations and rock dumping services.
 - According to the Proponent, this work is highly specialized and the market consists of a small number of international contractors some of whom have established significant capabilities in the Province from previous projects. Subcontracting capability exists locally to support the offshore installation portion. This will be monitored by staff.

- Subsea Equipment Fabrication and Commissioning (EPC-2), including the subsea templates and manifolds and the supply of subsea trees and topsides subsea control equipment as well as commissioning the entire subsea system.
 - The Proponent contends that this work is also highly specialized and the market consists of a small number of international contractors several of whom have a local presence.

 - The Proponent acknowledges that significant subcontracting capability exists locally for fabrication and to assist in system integration testing. Staff will monitor these aspects to confirm that the operator communicates these opportunities to the local market. A listing of sub-contracts will be requested with a view to designating certain contracts for close monitoring. If a competitive capacity is determined to exist within the Province for fabrication and other sub-contracts following a market evaluation, it presents an opportunity for the operator to demonstrate its commitment to the first consideration provisions of the legislation by limiting bids to providers from the Province. Such a decision would also be consistent with the contractual obligations in section 4.2 of the HSE Benefits

Agreement that states: “The Proponents agree that engineering and construction work that **can** be performed in Newfoundland and Labrador **shall** be performed in Newfoundland and Labrador”. This commitment will be monitored by staff in close collaboration with the Provincial Department of Natural Resources throughout the engineering and construction phase of the project.

- On the engineering side, there is an opportunity for technology transfer. This aspect will be monitored by staff.
- Glory Hole Dredging (EPC-3), including the design and dredging of the glory hole.
 - Staff agree with the Proponent that this is highly specialized work conducted by a limited number of international contractors. However, support services for this work are available locally and staff will again monitor this matter to confirm that subcontracting opportunities are communicated to local and national markets.
- Drilling Services:
 - For platform drilling, the existing services will be used as expected.
 - For the subsea wells, contracting services for the MODU will be managed jointly by ExxonMobil’s St. John’s and Houston offices. As these services are provided by international contractors only, there is no opportunity for local or national companies.
 - Support services for the subsea wells will either be competitively bid or existing contracts will be leveraged. In either case, staff will review this matter to ensure that the approach is consistent with full and fair opportunity and first

consideration. A number of service and supply companies have established local infrastructure to supply several of the support services required.

As previously noted, the HSE Benefits agreement stipulates that any engineering and construction work that can be performed in Newfoundland and Labrador shall be performed in Newfoundland and Labrador. Staff will require the Proponent to explicitly identify the engineering and construction work that can be performed in the Province. Staff will also require the Proponent to structure the quarterly benefits reports in a manner that enables this matter to be monitored for compliance throughout the development phase of the project.

Staff has also identified the need for the Proponent to exercise greater oversight of contractor's sub-contracting activities as a result of recent lessons learned from the Hibernia offshore loading system (OLS) replacement project. In that instance, the Board identified that the process followed for fabrication services for the OLS base assemblies did not ensure that the full local market was provided with an opportunity to express an interest in being considered for the work. The Proponent committed to improve its processes to prevent a recurrence.

3.5 Section 5 - Research and Development

Consistent with the Board's Decision 2009.10, the Amendment addresses R&D expenditure obligations and outlines, at a high level, the Proponent's approach to applying the Board's R&D guidelines. The Proponent acknowledges the ongoing work to develop R&D programs to meet the requirements of the Board's guidelines and indicates that the HSE Project R&D expenditure obligations will be managed as part of the obligations for the Hibernia field. This is appropriate since the Hibernia South Extension is part of the Hibernia field.

The Proponent and the Province have agreed, pursuant to the HSE Benefits Agreement, to contribute \$10 million to one or more education and research oriented legacy projects. The agreement stipulates that this contribution must be made within three years of first commercial production and that the scope and timing of this contribution shall be agreed in collaboration with the Province and the Board prior to first commercial production. The obligation is also subject to the Board's approval that the expenditure meets the eligibility criteria of the Board's guidelines.

There is no mention in the Amendment of any expenditure explicitly on education and training. The Board's Benefits Plan guidelines indicate the need for the Proponent to explicitly address any specific education and training programs, including associated expenditures to be provided in the Province, pursuant to paragraph 45(3)(c) of the Acts. Staff will seek clarification from the Proponent on this matter.

Further, staff will continue to monitor the Proponent's R&D and E&T obligations for the Hibernia project both in terms of dealing with the current shortfall and with its ongoing obligations. The Proponent has until March 31, 2015 to resolve their current shortfall, and a "squaring-up" process in respect of its ongoing obligations will occur prior to the renewal of the Hibernia Operations Authorization that expires on October 31, 2012.

For greater certainty, staff will ensure that any Operations Authorization issued in respect of the HSE project include the same condition attached to all other production activities as follows:

The Operator shall comply with the *Guidelines for Research and Development Expenditures* as issued by the Board November 5, 2004 and with effect from April 1, 2004.

This will link the guidelines to the authorization for compliance and enforcement purposes.

Consistent with current practice, staff will also ensure that financial instruments are filed with the Board as a surety that the Operator addresses any shortfalls in R&D and E&T obligations.

3.6 Section 6 - Gender Equity and Diversity Program

The Proponent commits to establish, in consultation with various stakeholder groups, a Gender Equity and Diversity Program, consistent with the Board's Benefits Plan Guidelines (February, 2006).

The description of the program is consistent with the Board's guidelines as well as the HSE Benefits Agreement. The program will include a women's employment plan and business access strategy (WEP) containing quantifiable objectives and goals as well as a Diversity Plan for disadvantaged groups that will also contain quantifiable objectives and goals. The detailed provisions of each of the WEP and the Diversity Plan are consistent (verbatim) with the HSE Benefits Agreement.

The program is still under development. The Proponent has held various consultations to date, a Diversity Coordinator has been hired and certain elements of the program are currently being implemented. The program is expected to be fully implemented across both Hibernia and Hebron by 2012. The Proponent has committed to consult annually with various stakeholder and community groups in developing and implementing the various elements of the program.

Staff will ensure that a status report on the implementation of the plan is provided within three months of any approval of the Amendment and at regular intervals thereafter. The schedule for implementing the program will also be requested with a view to ensuring that it is as aggressive as reasonably practical. Particular focus will be placed on the need

to establish quantifiable objectives and goals and to establish a reporting system to measure progress.

3.7 Section 7 - Benefits Monitoring and Reporting

The Proponent intends to use its existing processes to monitor and report benefits information to the Board including employment, expenditures, content, procurement, contracting and R&D and E&T. These will be reported in accordance with established benefits reports and guidelines. Gender Equity and Diversity reporting will be established in consultation with the Board and other stakeholder groups.

As provided for in the Board's guidelines, staff has already commenced monitoring, without prejudicing any decision by the Board on the acceptability of the Amendment, the Proponent's pre-development procurement and contracting activity, including several of the major EPC contracts. Staff will re-iterate the need for the Proponent to exercise oversight of the sub-contracting activity particularly any bidders that are new to the jurisdiction and who may not be familiar with benefits requirements and expectations. Staff will monitor the contracting and procurement processes by requesting a listing of the sub-contracting opportunities for all three EPC contracts as well as the subsea drilling services contract. Staff will designate several of the sub-contracts for detailed monitoring on a sample basis as per the Board's guidelines. As per the HSE Benefits agreement, each EPC contractor is required to have a contracts and procurement office in the Province; bid packages shall specify Canadian standards where appropriate and all bidders are required to comply with the terms of the agreement. Staff will monitor these matters to confirm that the Proponent abides by these commitments.

In addition to the quarterly benefits reporting described in the Board's guidelines, Staff have identified the need for the Proponent to include in these reports the following matters in connection with the HSE Benefits Agreement:

- Progress in meeting the obligation that any engineering and construction work that can be performed in the Province is performed in the Province;
- Progress in implementing the women's employment plan (WEP) and the Diversity Plan as well as progress in meeting the specific provisions specified in the HSE Benefits Agreement respecting these plans; and
- Progress in meeting the pre-established objectives and goals of the WEP and the Diversity Plan.

Staff has also identified the need for the Proponent to provide an estimate of the person-hours for the project, broken down by NL, the rest of Canada and Internationally as well as the need to report this information on a quarterly basis. A break-down of engineering person-hours as well as construction will also be requested.

4.0 GOVERNMENT COMMENTS

Feedback from the Government of Newfoundland and Labrador focused on the HSE Benefits Agreement between the Province and the Proponent. At the time of submission, the Province noted that the agreement had been finalized and the Province had requested the Board to monitor this agreement (which it subsequently agreed to). The Province also noted that the HSE Benefits Agreement, in some areas such as gender and equity, contains additional information and/or commitments. The Province has requested the Board to monitor these areas to the higher of the commitments made in the Benefits Agreement (or the Benefits Plan). This is a reasonable request and staff will do so.

5.0 PUBLIC COMMENTS

5.1 Women in Resource Development

The first public comment was from the Women in Resource Development Corp. (WRDC) which indicated that it was pleased with the provisions for gender equity in the plan and indicated that it looks forward to working with the Hibernia partners to ensure

that women have equal access to the employment opportunities and benefits generated by the project. WRDC noted the need for strong implementation strategies to accompany the program given the statistical evidence that progress on gender equity is slow particularly in the skilled trades and technology areas in current offshore projects.

Staff agrees with these observations. Progress in implementing the WEP and progress in meeting the pre-established objectives and goals of the program will be monitored by staff on a quarterly basis. Staff plans to meet with WRDC in due course to gain the benefit of their perspective in monitoring this matter. The Proponent will be expected to consult with WRDC and other community groups during the implementation of the plan.

5.2 Newfoundland Ocean Industries Association (NOIA)

NOIA provided several suggestions aimed at advancing the local supply and service sector. NOIA has over 500 members whose constituents represent the vast majority of the Province's ability to provide services to the offshore petroleum industry. Their views are welcome in terms of identifying the industrial benefits issues of concern to their association.

Several of the key elements of their submission together with staff's commentary follows.

- *The amount of local content should progressively improve with each new project. As a minimum, the degree of local content should be at least as much as that accomplished on previous projects.* These views are consistent with the Board's guidelines that benefits achievements should show an increasingly positive trend of continuous improvement as the industry and the local supply community continues to evolve and mature. Staff concurs with NOIA's viewpoint.

- In expanding on the above, *NOIA noted that the North Amethyst Project is comparable to the HSE Project therefore it should be used as a benchmark to measure benefits.* This has merit. Staff will document the local benefits that accrued from the North Amethyst development and monitor the HSE project to determine if benefits achievements show improvement.

In the case of North Amethyst, Husky was successful in carrying out project management, engineering and procurement services within the Province. Subsea packages and components were fabricated within the Province, subsea integration testing was performed in NL and local subsea engineering services were utilized. Many other services for the project were also provided locally.

- *NOIA encouraged the Proponent to identify targets for the HSE project.* The Board has previously expressed its view that targets present difficulties because, in respect of goods and services, the Legislation precludes, via its prescription of a competitive process, the imposition of targets. A complete discussion respecting targets in the context of the Legislation is provided in Decision 2001.01 in respect of the White Rose development application (Chapter 3, Part A, pages 19-23). Nevertheless, assessing benefits achievements for the HSE Project in relation to the North Amethyst project is valid in terms of identifying trends.
- *NOIA expressed the view that, notwithstanding the obligations arising from the Atlantic Accord Acts extended to contractors by the Proponent, international EPC contractors do not have the same incentive to support local companies.* In response to this comment, staff note that the Proponent will be expected to ensure a level of oversight of contractors necessary to ensure that the legislation is respected.

- *NOIA recommended that benefits monitoring and accountability be refined primarily in terms of tracking mechanisms to measure, record and assess Proponent's compliance to local benefits including the production phase.* In response to this recommendation, staff notes that there are extensive monitoring, tracking and reporting mechanisms in place. Staff will ensure that, consistent with other producing projects, the following conditions will be placed on any Operations Authorization for the HSE project:

This Authorization is issued subject to the operator's compliance with the Benefits Plan and the Development Plan as approved by the Board, together with any amendment(s) to either of them.

Six months prior to the expiry of this Authorization, the operator will provide an assessment of the results of the application of the Benefits Plan during the term of this Authorization and the potential for realizing further improvements.

It is the Board's expectation that the legislation be met in respect of the ongoing demand for goods and services required to support production operations.

- *NOIA notes that the Proponent acknowledges the local capability to supply fabricated components and to assist in system integration testing. NOIA stated that it is clear that capability exists locally to fabricate the pipeline end terminations, drilling template/manifolds and subsea manifolds as well as to conduct system integration testing. NOIA contends that these should be specified TO BE completed in NL.* Staff notes that the Proponent has indicated that there is sub-contracting capability within the Province to supply fabricated components and to assist in systems integration testing. Staff will monitor this work to ensure that it is performed in the Province consistent with the HSE Benefits agreement given that the Proponent has acknowledged that this work can be done in the Province. In such cases, should the Proponent chose to limit bids to NL, it would also be consistent with the Board's view of the first consideration provisions of the legislation.

- *NOIA recommends that the Proponent explore the potential for a technology transfer/supplier development arrangement that would enable a local company to develop capacity for the EPC contract packages.* This is consistent with the Board's guidelines. The requirement in the HSE Benefits Agreement that any engineering that can be done in the Province will be done in the Province will facilitate the opportunity for technology transfer in this area.

6.0 CONCLUSIONS AND RECOMMENDATIONS

The Amendment is consistent with section 45 of the Legislation and the Board's Benefits Plan guidelines. The Amendment specifically addresses the HSE Project, R&D and Affirmative Action, consistent with Decision Report 2009.10. For greater certainty on these matters, staff recommend that the Board include as part of any decision to accept the amendment, a condition that compliance with both the diversity as well as the R&D and E&T aspects of the Board's guidelines applies to the entire Hibernia project including the southern extension. The following wording is recommended:

The amendment to the Hibernia Benefits Plan addressing the southern extension to the Hibernia field is approved subject to confirmation by the Proponent that the undertakings related to compliance with both the diversity as well as the R&D and E&T aspects of the Board's guidelines apply to the entire Hibernia project including the southern extension.

It will be necessary for staff to monitor the Proponent's commitments in the Amendment as well as those in the HSE Benefits Agreement. Staff is already engaged in monitoring pre-development contracts and will continue to monitor contracting and employment opportunities throughout the development and production phases.

The following matters have been identified for monitoring:

- 1) The need to monitor the contracting and procurement processes throughout the development phase by:
 - requesting a listing of the sub-contracting opportunities for all three EPC contracts as well as the subsea drilling services contract;
 - designating several of the sub-contracts for monitoring on a sample basis as per the Board's guidelines;
 - ensuring that the Proponent confirms each EPC contractor has a contracts and procurement office in the Province; that the bid packages specify Canadian standards where appropriate and that all bidders are required to comply with the terms of the HSE Benefits Agreement; and
 - encouraging the Proponent to explore opportunities for technology transfer.

- 2) Continue the need to monitor procurement activities associated with steady state operations as well as any new contracting and procurement opportunities throughout the production phase.

- 3) The need for the Proponent to explicitly identify the engineering and construction work that can be performed in the Province during the projection execution phase.

- 4) The need to structure the quarterly benefits reports to the Board in a manner that enables monitoring of the following matters in connection with the HSE Benefits Agreement:
 - Progress in meeting the obligation that any engineering and construction work that can be performed in the Province is performed in the Province;
 - Progress in implementing the women's employment plan (WEP) and the Diversity Plan as well as progress in meeting the specific provisions specified in the HSE Benefits Agreement respecting these plans;

- Progress in meeting the pre-established objectives and goals of the WEP and the Diversity Plan; and
 - Progress in meeting the explicit requirements placed on R&D expenditures.
- 5) The need for the Proponent to exercise oversight of sub-contracting activity particularly for any bidders that are new to the jurisdiction.
 - 6) The need for the Proponent to explicitly address education and training programs including any associated expenditures.
 - 7) The need for the Proponent to provide an estimate of the person-hours for the project, broken down by NL, the rest of Canada and Internationally as well as the need to report this information on a quarterly basis. A break-down of engineering person-hours as well as construction person-hours is needed.
 - 8) The need for the Proponent to ensure that the business community is provided with timely forecasts of contracting and procurement opportunities.