

Elizabeth Young  
Canada- Newfoundland & Labrador Offshore Petroleum Board  
Fifth Floor, TD Place  
140 Water Street  
St. John's, NL  
A1C 6H6

Our Date: 2007-12-11  
Our Ref: SH-CNO-0004-07  
Our Contact: Jim Beresford  
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**Addendum to Project Description for StatoilHydro Exploration/Appraisal/Delineation Drilling Activities for Jeanne d'Arc Basin Area, 2008-2016**

Dear Madam,

StatoilHydro Canada Exploration and Production Inc wish to submit an addendum to the Project Description currently on file with the C-NLOPB titled "Norsk Hydro Exploration/Appraisal/Delineation Drilling Activities for Jeanne d'Arc Basin Area, 2008-2016". This document (StatoilHydro Ref #: NH-CNO-0003-07) was submitted to the C-NLOPB on July 11, 2007. An Environmental Assessment for this project is currently ongoing based on the C-NLOPB's scoping document dated August 1, 2007.

Since the submission of the Project Description aforementioned it is worthy to note that, as of October 1, 2007, the Norwegian companies of Norsk Hydro (Energy Division) and Statoil have merged to form StatoilHydro ASA. StatoilHydro Canada Exploration and Production Inc (StatoilHydro) is a wholly-owned subsidiary of StatoilHydro ASA of Stavanger, Norway which established offices in Canada in 1996 in Calgary, Alberta and St. John's, Newfoundland and Labrador (then known as Norsk Hydro Canada Oil & Gas Inc)

The basis for this addendum is to modify/expand the Project Activity Area as depicted in Figure 1, and increase the number and type of planned wells to be drilled. As the revised Project Activity box includes more than the area commonly referred to as the Jeanne d'Arc Basin, StatoilHydro would in the future refer to this Project Description as "*StatoilHydro Exploration/Appraisal/Delineation Drilling Activities Offshore Newfoundland, 2008-2016*".

**Revised Project Activity Area**

The approximate coordinates of the revised Project Activity Area (Figure 1) are 49° North, 49.5° degrees West; 49° degrees North, 45.5° West; 46° North, 45.5° West; and 46° North, 49.5° West. The most proximate fish-related protected area, the Bonavista Cod Box, is located approximately 35 km from the Project Activity Area where the northwest corner of the defined Study Area overlaps with part of the Bonavista Cod Box. The closest seabird-related protected areas are Cape St. Mary's and Witless Bay which are about 375 and 260 km, respectively, to the west of the Project Area. The closest urban centre is St. John's, approximately 250 km to the west of the Project Area.

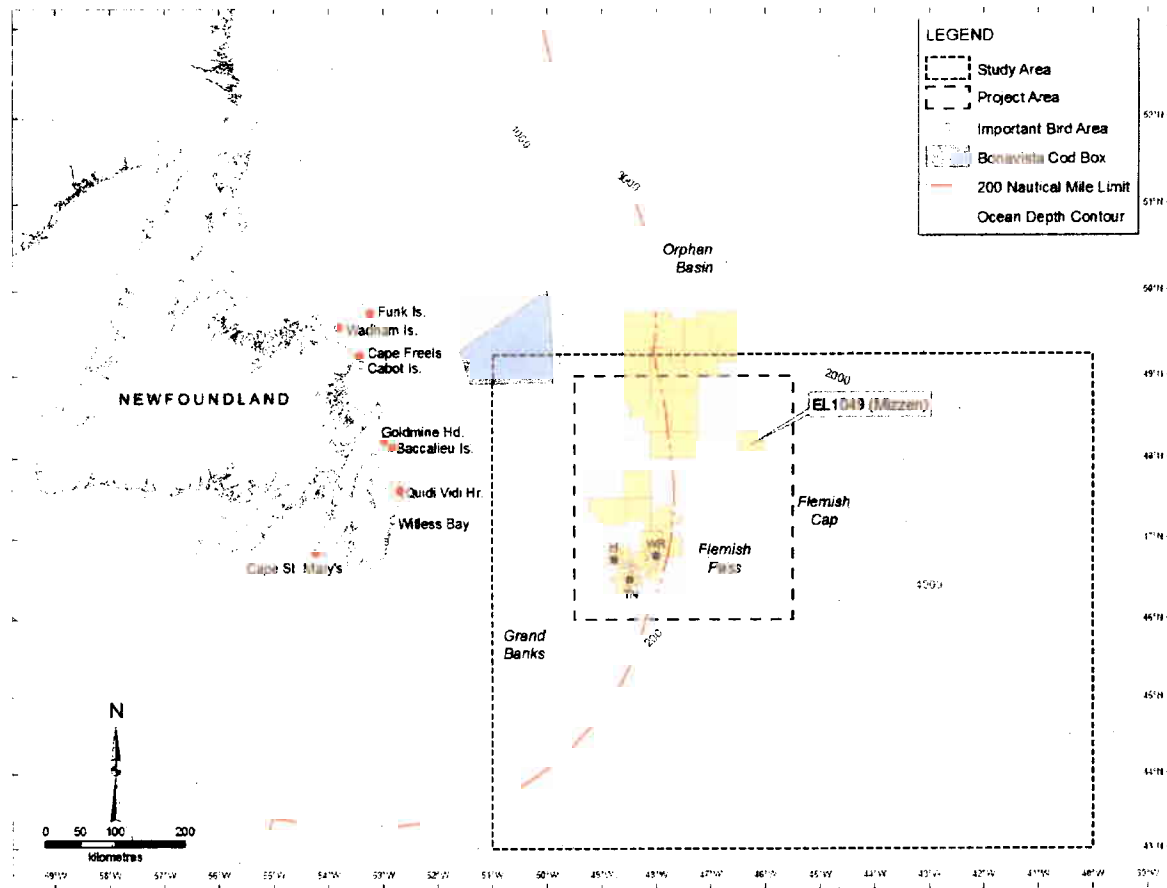


Figure 1. Location of Proposed Project Activity Area, Study Area, and proximate sensitive areas for Seabirds and Fish

**Revised Scope**

The temporal scope would remain the same as the previously submitted Project Description spanning a period from 2008-2016. In the revised Project Activity area StatoilHydro hold land interest in the Jeanne d’Arc Basin (as stated in the original Project Description) and the Flemish Pass as described in Table 1.

License	Current Operator	Gross Hectares	Current StatoilHydro %
Mizzen (EL 1049)	PetroCanada	82,606	50

Table 1. Listing of current StatoilHydro Interests in Flemish Pass Area

This work is aimed at defining and drilling for potential oil and gas resources on any current, and any future, StatoilHydro land interests within the Project Activity Area. Furthermore, StatoilHydro anticipates that it may conduct exploration and/or appraisal/delineation drilling activities on behalf of other operators with current or future land holdings in the Project Activity Area should such opportunities arise and commercial agreements and regulatory approvals be in place. It is also

possible, should a suitable opportunity arise, that StatoilHydro would opt for another operator to conduct drilling and/or seismic activities on its behalf on current or future StatoilHydro land holdings within the Project Activity Area.

In the expanded Project Activity area StatoilHydro would plan to drill up to 27 wells from 2008 – 2016 to explore and delineate potential hydrocarbon resources. Some of these wells would include target(s) in the Mizzen 1049 license with drilling commencing in late summer or fall of 2008 or early 2009. This is dependent on the availability, quality and economic viability of drilling targets, availability of drill rigs (MODUs) and regulatory approval. At this time it is anticipated that approximately 1 single vertical and/or dual side-track well could be drilled over the 2008 to 2009 period using the Henry Goodrich (or similar) MODU. In a deepwater application the length of anchor wire and chain for such a MODU would be approximately 2,700m and would use a 12 point mooring system. The anchor patterns and total area they may encompass will vary depending on the MODU used, water depth, and technical considerations. Activities to be conducted during the Project in association with drilling and testing include shallow seismic, geohazard surveys, geotechnical coring if required, and vertical seismic profiling. It is expected that this well would take up to 150 days to drill, complete, test, and abandon. A typical schematic of a Flemish Pass well scenario is depicted below in Figure 2 with TVD's up to 3800m in ~1100 m of water depth.

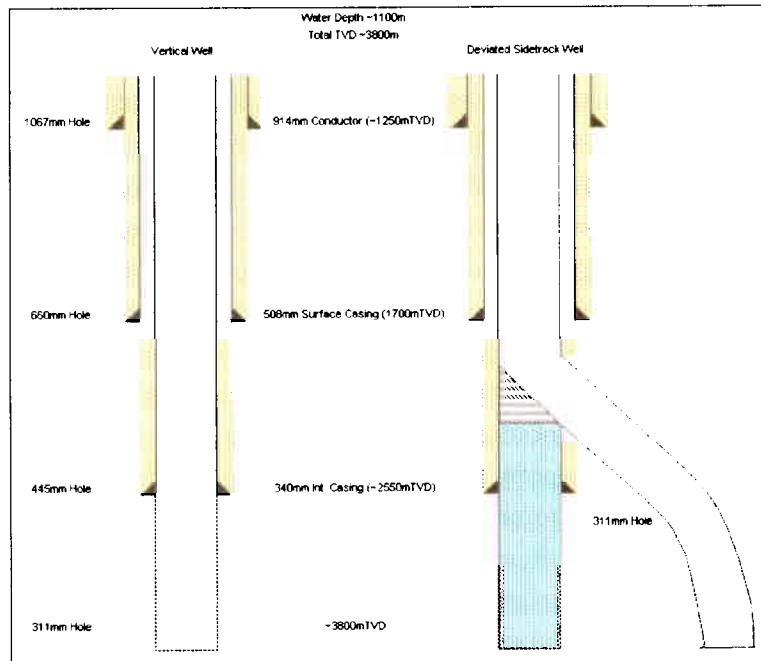


Figure 2. Typical Flemish Pass Well Scenario

If technically feasible the wells will be drilled to depth using water-based muds (WBM). However, some conditions may be encountered that would potentially require the use of synthetic-based muds (SBM) and thus the assessment also considers SBM. With well scenarios depicted above the following (Table 2) mud and cuttings discharges could be expected for Water and Synthetic Based Fluid cases. It should be noted that this table assumes that treatment will be in place to recover synthetic base fluids from cuttings to ensure compliance with the 6.9% discharge target in the Offshore Waste Treatment Guidelines (August 2002) at a minimum and that all water based muds would be discharged. Hence, this table represents a “worst” case set of discharge scenarios.

Scenarios	Discharges to Environment in cubic meters				
	Cuttings	Barite from Centrifuge	Mud with cuttings & centrate	Mud Discharged To Sea	Synthetic Base Fluid in Mud
2750 m Hole drilled entirely with Water Based Mud System					
	451.4	93.2	2074.6	1252.6	none
2750 m Hole drilled with Water Based Mud System except for two lower hole sections (i.e., 445 and 311 mm dia. Sections)					
WBM Sections	334.2	Riserless - no returns hence no solids control	1211.4	All discharge to Seabed	none
SBM Sections	157.5	268.6	253.8	none	160.7
2750 m Sidetrack hole drilled from existing upper well hole (311 mm section only)					
WBM Option	91.2	164	547.2	808.1	none
SBM Option	119.6	296.3	263.5	none	164.2

Table 2. Drill mud and cuttings discharges associated with Mizzen drilling scenarios

In addition to the information stated in the original Project Description StatoilHydro will consider oil spill trajectories, corals, and fishery implications as a result of the increased Project Activity Area.

This Project Description addendum is based upon information available to StatoilHydro at the time of writing. Not all project details are presently known as contractors and suppliers have yet to be selected, the specific number and location of wells are yet to be finalized, and new leases within the Project Activity Area (Figure 1) may be acquired over the coming years. However, all drilling operations will be carried out within the scope outlined in the Project Description, Project Description Addendum, and subsequent Environmental Assessment. This document is an accurate reflection of the Operator's present level of knowledge.

Please accept this addendum to the previously submitted Project Description to include the revised project activity area and scope for a screening level Environmental Assessment (EA) process in accordance with CEAA legislation and guidelines.

Should the C-NLOPB have any issue or comments regarding the attached addendum to the Project Description please feel free to contact Jim Beresford at 738-8490.

Yours faithfully,  
 for StatoilHydro Canada E&P Inc

  
 Erik Abrahamsen  
 VP Operations

  
 Jim Beresford  
 Sr. Drilling Engineer

Copy: C-NLOPB  
 Dave Burley  
 Kim Coady

StatoilHydro  
 Barbara Squires  
 Dag Storegjerde