

NOTICE OF NON-COMPLIANCE

May 15, 2018

BY EMAIL AND COURIER

Steve Hogan
Vice President, East Coast
Suncor Energy Inc.
Suite 201, Scotia Centre
235 Water Street
St. John's NL A1C 1B6

Dear Mr. Hogan:

Re: April 27, 2018 Spill – *MODU Transocean Barents*

I write on behalf of the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) regarding the non-compliance that occurred on April 27, 2018 at or near the *MODU Transocean Barents* involving a spill of synthetic-based mud (SBM) during drilling operations by Suncor Energy Inc. (Operator) pursuant to Operations Authorization No. 23020-020-OA05.

Regulatory Requirements at Issue (references are to federal version)

- *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, subsection 160(1) - (definition of a spill)
- *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, subsection 161(1) - (spills prohibited)

Factual Background

On April 27, 2018, the C-NLOPB duty officer was notified via phone call that a loss of SBM to the marine environment occurred at or near the *MODU Transocean Barents* in the portion of the Canada-Newfoundland and Labrador Offshore Area known as the Terra Nova Field.

On May 11, 2018, the C-NLOPB received a preliminary incident investigation report *Unauthorized Discharge of SBM to Marine Environment* from Suncor which confirmed:

1. On the afternoon of Friday, April 27, 2018, while in the midst of cementing operations of placing a cement plug and displacing with SBM, an estimated discharge of 28m³ of SBM occurred at or near the *MODU Transocean Barents* into the marine environment in the Terra Nova Field.
2. The driller on duty noted the fluid loss and called out to have all areas on the rig locate any potential for loss of containment. Loss of SBM was observed in the ocean looking into the moon pool of the *MODU Transocean Barents*.

Findings

Pursuant to subsection 160(1) of the *Accord Act*, the discharge of SBM constitutes a spill.

It is my finding as Chief Conservation Officer, based upon my review of the Operator's preliminary incident investigation report, a spill occurred contrary to subsection 161(1) of the *Accord Act*.

Conclusion

The C-NLOPB will commence a formal investigation based upon these findings. This matter will remain open until such time the C-NLOPB has reviewed the findings of the C-NLOPB Enquiry Team, and decide whether further enforcement action is warranted.

The Operator should note that further incidents of non-compliance could prompt the C-NLOPB to consider additional enforcement measures, including:

1. suspension or revocation of your authorization under subsection 138(5) and/or
2. initiation of prosecution under subsection 194(1)

Should you have any questions, or wish to discuss these matters, further please contact Darrell Gover, Environmental Conservation Officer at 709-778-1422 or dgover@cnlopb.ca.

Sincerely,



Jeff O'Keefe

Chief Conservation Officer