



## NOTICE TO SUSPEND OPERATIONS – SeaRose FPSO

Issued pursuant to section 138(5) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* & section 134(7) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*

**WHEREAS** pursuant to paragraph 138(1)(b) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and paragraph 134(1)(b) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act (the Accord Acts)*, the Board issued Operations Authorization No. 40020-020-OA08 on March 31, 2015 to Husky Oil Operations Limited (the Operator) for a three year period to conduct production and drilling petroleum related-work or activities, with production operations to be conducted by the SeaRose FPSO within the White Rose Commercial Discovery Area;

**AND WHEREAS** on April 7, 2017, the Operator was issued a Notice of Non-Compliance (copy annexed to this Notice to Suspend Operations) for failure to comply with the Ice Management Plan filed in support of the Authorization when an iceberg came within the 0.25 nautical mile Ice Exclusion Area of the SeaRose FPSO;

**AND WHEREAS** the Board commenced an Enquiry on May 9, 2017 into the events and decisions that resulted in the iceberg coming within a 0.25 nautical mile Ice Exclusion Area of the SeaRose FPSO and further to ascertain why the Operator in those circumstances, contrary to the Ice Management Plan, failed to disconnect the SeaRose FPSO and sail the FPSO clear of threatening ice;

**AND WHEREAS** pursuant to subsection 138(5) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and section 134(7) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, the Board may suspend or revoke an operating licence or an authorization for failure to comply with, contravention of or default in respect of a requirement, any provision of Part III.1 or any applicable regulation;

**AND WHEREAS** the Board, having considered the preliminary findings from this Enquiry, is not satisfied that corrective measures to achieve compliance with the Regulatory Requirements at issue in the Notice of Non-Compliance have been addressed to date by the Operator to ensure the safety of personnel or protection of the environment as required by the *Accord Acts*;

**NOW THEREFORE TAKE NOTICE** that pursuant to the above-noted authority to suspend, the Board hereby gives notice effective immediately that all petroleum-related operations at or near the SeaRose FPSO shall be suspended in a safe, controlled and environmentally prudent manner while maintaining the integrity of the installation until such time that the Chief Safety Officer and the Chief Conservation Officer are satisfied that such operations can recommence in a manner that ensures the safety of personnel and the protection of the environment.

This **NOTICE TO SUSPEND** shall forthwith be posted on the SeaRose FPSO and a copy provided to the Joint Occupational Health and Safety Committee.

Effective: January 17, 2018

Executive Committee on behalf of the Board

A handwritten signature in blue ink, appearing to read "Scott Tessier".

Scott Tessier  
Chair and CEO

A handwritten signature in blue ink, appearing to read "Ed Williams".

Ed Williams  
Vice Chair



## NOTICE OF NON-COMPLIANCE

April 7, 2017

**BY EMAIL AND COURIER**

Husky Oil Operations Limited  
Atlantic Region  
Suite 105, 351 Water Street  
St. John's, NL A1C 1C2

Attention: Mr. Ken Dyer  
Vice President Atlantic Region Operations

Dear Mr. Dyer:

**Re: Non-Compliance - March 29, 2017 Ice Management Incident**

I write to advise that the Chief Safety Officer has concluded that Husky Oil Operations Limited (Husky), as Operator of the SeaRose FPSO failed to adhere to the requirements of its Ice Management Plan [EC-0-99-X-PR-00002-001] (the Plan), a document filed as required by the Atlantic Accord legislative framework (references herein to Federal version) and in support of Operations Authorization No. 40020-020-OA08 (the Authorization) and has issued the attached Order.

### Regulatory Requirements at Issue

- *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* section 205.012
- *Newfoundland Offshore Drilling and Production Regulations* sections 6 and 8
- Operator's Ice Management Plan

### Factual Background

Iceberg 2017-011 was tracked on March 28, 2017 in accordance with the Plan with shut-down procedures having been appropriately initiated based upon preliminary reports and tracking. Early on March 29, 2017, it became evident the forecasted track of the iceberg would enter the Zone 1 Ice Exclusion Area, as described in section 5.13.2 of the Plan. Given the threat of ice within the Zone 1 Ice Exclusion Area, the initial steps of the disconnect sequence were initiated and at 4:32 a.m., the C-NLOPB Duty Officer was contacted and told production was shut-in with a 15 minute T time.

The Plan is very clear that at Track E (ie. iceberg trajectory inside the Zone 1 ¼ nautical mile Ice Exclusion Area) the SeaRose FPSO is to disconnect when threatening ice reaches the edge of Zone 1 and sail clear of the threat. Not only did the FPSO fail to disconnect when Iceberg 2017-011 reached the edge of

Zone 1, it also did not disconnect when Iceberg 2017-011 entered the Zone 1 ¼ nautical mile Ice Exclusion Area, coming within 180 metres of the SeaRose FPSO with 84 persons onboard.

Finding

It is the Chief Safety Officer's finding, based upon his review of this matter and discussion with senior Husky personnel, that Husky did not follow the Plan that was filed as required by the *Newfoundland Offshore Drilling and Production Regulations* in support of the Authorization, namely, disconnect the SeaRose FPSO and sail away from Iceberg 2017-011. This failure by the Operator to act in accordance with the Plan is contrary to the operator's duty under s. 205.012 of the *Accord Act* to ensure the health and safety of all employees and other individuals at its workplaces.

This matter currently remains open until the Final Investigation Report into this incident is provided by the Operator, at which time consideration will be given as to whether further enforcement action is warranted.

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

- suspension or revocation of your authorization under ss. 138(5) of the *Accord Act*; and/or
- initiation of prosecution under ss. 194(1) of the *Accord Act*.

Should you have any questions or wish to discuss these matters further please contact the undersigned at 709-778-1410 or [palexander@cnlopb.ca](mailto:palexander@cnlopb.ca).

Sincerely,



Paul Alexander  
Chief Safety Officer

Enclosure

c: Malcolm Maclean

## ORDER

(Pursuant to section 193(1) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* (the C-NLAAIA) and section 189(1) of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act* (the C-NLAAINLA))

**WHEREAS** Husky Oil Operations Limited (the Operator) was issued an Operations Authorization No. 40020-020-OA08 on March 31, 2015 (the Authorization);

**AND WHEREAS** the Operator filed an Ice Management Plan (EC-0-99-X-PR-00002-001) (the Plan) pursuant to sections 6 and 8 of the *Newfoundland Offshore Petroleum Drilling and Production Regulations* and sections 6 and 8 of the *Offshore Petroleum Drilling and Production Newfoundland and Labrador Regulations* in support of the Authorization;

**AND WHEREAS** the Plan requires specific actions to be taken by the Operator to ensure the safety of all persons and the installation commensurate with the ice conditions and location of icebergs;

**AND WHEREAS** pursuant to the *Accord Acts*, the Operator has overall responsibility and shall take all reasonable measures to ensure the health and safety of all employees and other individuals at its workplace;

**AND WHEREAS** the Chief Safety Officer has determined that on March 29, 2017, the Operator failed to comply with the Plan by failing to disconnect the SeaRose FPSO and sail away when it became known to the Operator that an iceberg had entered the Zone 1 ¼ nautical mile Ice Exclusion Area, contrary to the requirements of the Plan to disconnect in such situations and the responsibilities of the Operator under the *Accord Acts*.

Therefore, **IT IS HEREBY ORDERED** that the Operator:

1. Must follow the Plan for all installations operating in the Canada-Newfoundland and Labrador Offshore Area pursuant to the Authorization.
2. When threatening ice is on Track E, as soon as it reaches the edge of Zone 1, initiate disconnect sequence and continue until the riser buoy is released and sail the SeaRose FPSO clear of the threat as described in Section 5.13.2 of the Plan.
3. Within 24 hours of receiving this Order, post a copy of this Order at each installation operating pursuant to the Authorization and confirm such posting with the Chief Safety Officer.
4. Within 24 hours of receiving this Order, ensure all Offshore Installation Managers at each installation operating pursuant to the Authorization understand the Plan and are provided with a copy of this Order and confirm this has occurred with the Chief Safety Officer.

Failure to comply with an Order of the Chief Safety Officer is an offence pursuant to paragraph 194(1)(f) of the C-NLAAIA and paragraph 190(1)(f) of the C-NLAAINLA.

Dated at St. John's, Newfoundland and Labrador, this 7 day of April 2017.

