



December 13, 2010

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Gentlemen:

**Re: OHSI Recommendation #21 – Stakeholder Relationships**

In the OHSI Report, Commissioner Wells stated:

**It is recommended that the Regulator review its relationship with CAPP, and that the oil operators define CAPP's authority so that stakeholders understand that authority.**

Industry Codes of Practice and Industry Standards are an integral aspect of modern regulatory practice. Often, Codes and Standards are developed collaboratively by the industry and the regulator. Industry, which often consists of multiple companies or operators, is usually represented in this collaborative process by an effective industry association.

In Newfoundland and Labrador, CAPP is the industry association that represents the oil and gas industry. The Inquiry Report recommends that the regulator "review its relationship with CAPP"; and, that the Operators "define CAPP's authority.

In its consideration of this matter, the C-NLOPB's conclusion is that for the Newfoundland and Labrador Offshore Area CAPP is not an effective industry association. We hasten to add that this assertion is not a reflection on the personnel at the

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local CAPP office. The most important consideration is that CAPP does not include in its membership all of the Operators in this area. There are three producing Operators in this area and one of these is not a member of CAPP. With such a gap in its membership CAPP does not represent the oil and gas industry in Newfoundland and Labrador; and therefore, cannot be an effective industry association for purposes of liaison with the regulator. Another impediment is the fact that CAPP is and is seen as a registered lobbyist group.

The C-NLOPB believes there would be mutual advantage in collaborative liaison between itself and a representative and adequately resourced local industry association. We urge all operators to form such an association, and, define its authority.

We anticipate your cooperation in this regard and ask that you promptly acknowledge receipt of this letter and confirm your undertaking to accommodate our request in this regard.

Sincerely,

  
Max Ruelokke, P. Eng.  
Chairman & CEO