



January 18, 2011

Canadian Association of Petroleum Producers
2100, 350-7 Avenue S.W.
Calgary, Alberta
T2P 3N9

Attn: D.R. Collyer
President

Dear Mr. Collyer:

Re: OHSI Recommendation No. 21 – Stakeholder Relationship

I am writing in response to your letter to me of January 14th regarding the above matter. In that letter, you appear to take exception to the reference in our December 13th letter to the three operators in our offshore area (Hibernia Management and Development Co. Ltd., Suncor Energy Inc. and Husky Energy) to "... a representative and adequately resourced local industry association." We make this reference because, for the last two years, Husky Energy has not been a CAPP member, and therefore cannot be officially represented by CAPP.

In your letter you advise that "... Husky Energy... will be joining CAPP for 2011." We hereby request that CAPP, and/or Husky Energy advise us when that action is taken. When Husky is a member, we will consider CAPP as representing the operators in our offshore area.

You also appear to take exception to our classification in our letter of CAPP's lobbying activities as an "... impediment ..." to acting as "... an effective industry association for purposes of liaison with the regulator." You classify lobbying as "... a legitimate activity ...". Let me provide you with another viewpoint.

I have just finished reviewing the Report to the President from the National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling entitled "*Deep Water – The Gulf Oil Disaster and the Future of Offshore Drilling*". This report was released on January 11th, nearly one month after my letter to the operators. Page 225 of this Report contains the following quote:

"Based on this Commission's multiple meetings and discussions with leading members of the oil and gas industry, however, it is clear that API's (American Petroleum Institute's) ability to serve as a reliable standard-setter for drilling safety is compromised by its role as the industry's principal lobbyist and public policy advocate."

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It would seem that the National Commission's view of the API – essentially a sister organization of CAPP - is supportive of our concerns with CAPP's role as a lobbyist/policy advocate.

I would therefore urge CAPP to see if – and how – it can continue to serve both ends – to lobby and advocate public policy on the one hand, and to effectively represent industry in the development of guidance, codes of practice, etc., on the other hand. That, I suggest, is a challenge which may be very difficult to meet against the backdrop of concerns expressed in the Commission's report and shared, I am sure, by all offshore oil and gas regulators.

So, in summary, we can see a way ahead for CAPP to represent the operators in our offshore area. What we cannot yet see is how CAPP, as a registered lobbyist, can effectively participate in the regulatory process. We await your review and response.

Yours truly,


Max Ruelokke, P. Eng.
Chairman & CEO

c.c. Honourable Shawn Skinner
Honourable Christian Paradis
Hibernia Management & Development Co. Ltd.
Suncor Energy Inc.
Husky Energy