



July 20, 2006

Mr. Andre d'Entremont
Health, Environment & Safety
Chevron Canada Resources
500 - Fifth Avenue SW
Calgary, AB T2P 0L7

Dear Mr. d'Entremont:

**Re: Orphan Basin Exploration Drilling Program
Environmental Assessment**

The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) has reviewed the environmental assessment information regarding the proposed exploration drilling program in the Orphan Basin area as described in the October 2005 "*Orphan Basin Exploration Drilling Program Environment Assessment*" (LGL 2005) and Addendum (LGL 2006). The C-NLOPB has completed our environmental assessment determination respecting the Project. A copy of our determination is enclosed for your information.

The environmental assessment report, as reference above and supporting information describe the Project in sufficient detail and provides an acceptable assessment of the potential environmental effects of the drilling up to 12 wells from 2006 to 2013. We have considered this information and the advice of the Boards' advisory agencies and have determined, in accordance with Section 20(1)(a) of the *Canadian Environmental Assessment Act* (CEA Act) that the proposed project, following the application of mitigation measures, is not likely to cause significant adverse environmental effects.

Prior to commencement of any future activities requiring authorizations in the Orphan Basin Study Area, the Operator will be required to provide project information to the C-NLOPB. This information should outline the proposed activities, confirm that the proposed program activities fall within the scope of the previously assessed program, and indicate if with this information, the EA predictions remain valid. In addition, the Operator shall provide information regarding the adaptive management of requirements of the SARA into program activities (e.g., introduction of new species or critical habitat to Schedule I; additional mitigations; implementation of recovery strategies and/or monitoring plans). If there are any changes in the scope or information available which may alter the EA conclusions, then a revised EA may be required at the time of authorization application and/or renewal.

The following conditions are recommended to be appended to the authorizations granted by the Canada-Newfoundland and Labrador Offshore Petroleum Board for proposed drilling, VSP, and/or wellsite/geohazard survey programs as described in the environmental assessment report referenced above:

For Drilling Activities

- *The Operator shall implement, or cause to be implemented, all the policies, practices, recommendations and procedures for the protection of the environment included in or referred to in the “Orphan Basin Exploration Drilling Program Environmental Assessment (LGL. 2005) and Addendum (LGL 2006) respecting drilling programs.*
- *A marine mammal monitoring protocol shall be developed in consultation with the C-NLOPB at the time of any application for approval to terminate the well(s) with the use of chemical explosives.*
- *Drilling shall not occur within 200 m of deep-sea coral colonies without the prior approval of the Chief Conservation Officer.*

For VSP and Geohazard Surveys

- *The Operator shall implement, or cause to be implemented, all the policies, practices, recommendations and procedures for the protection of the environment included in or referred to in the “Orphan Basin Exploration Drilling Program Environmental Assessment (LGL. 2005) and Addendum (LGL 2006) respecting VSP and/or geohazard survey programs.*
- *The Operator shall implement or cause to be implemented the mitigation measures outlined in Appendix 2 of the Geophysical, Geological, Environmental and Geotechnical Program Guidelines (C-NLOPB 2004) respecting VSP surveys and/or wellsite surveys.*
- *The “safety zone” defined for marine mammal and sea turtles is designated to be 500 m.*
- *During ramp-up, and/or when the airgun array is active, the airgun(s) shall be shut down, if a marine mammal or sea turtle, listed as **Endangered** or **Threatened** (as per Schedule I of SARA), including the North Atlantic right whale, Blue whale, and leatherback turtle, is observed within 500 m of the airgun array.*
- *In the conduct of geohazard surveys, during line changes the airgun array shall be reduced to a single airgun and the airgun shall remain active. If at anytime the airgun is shut down for a period of time exceeding 30 minutes, then ramp-up procedures as outlined in Appendix 2 of the Geophysical, Geological, Environmental and Geotechnical Program Guidelines (C-NLOPB 2004) shall be implemented.*

Reports generated from Chevron’s voluntary participation in the SERPENT program should be forwarded to the C-NLOPB immediately after their completion. Reports from the marine mammal and seabird observation program should be submitted within six-months of completion of the program.

ExxonMobil Canada is proposing to conduct a Controlled Sources Electromagnetic Survey (CSEM) in the Orphan Basin area in August 2006. The program involves the placement of concrete blocks on the seafloor. The survey location includes the proposed F-44 wellsite location and surrounding area, and may overlap with proposed monitoring locations for the SERPENT project. It is recommended that Chevron and the SERPENT project team consult with ExxonMobil to prevent potential conflicts regarding monitoring site-locations.

The Canadian Wildlife Service has developed a protocol for seabird monitoring from fixed and moving platforms and should be referenced when developing the marine mammal and seabird observation program. Contact Jeannette Goulet at 709-772-7500 for the most recent version of the protocol.

If you have any questions on the attached, or wish to discuss the environmental assessment review process, I may be reached at 709-778-1431 or via email at kcoady@cnlopb.nl.ca

Yours truly,

Original Signed by K. Coady

Kim Coady
Environmental Assessment Officer

Enclosures

cc D. Burley
T. O'Keefe (ExxonMobil)