

**General Meeting of Association of Seafood Producers
Scott Tessier, C-NLOPB December 5, 2019**

- Thank you very much Derek. I appreciate the invitation and the opportunity to speak to your group today. I notice a few familiar faces in the room from the One Ocean table.
- At the outset, let me say that I speak for everyone at the C-NLOPB in saying that we fully recognize the fact there are two valuable and critically important industries operating in our one ocean.
- Along with worker health and safety, ensuring that offshore oil and gas activities are undertaken in an environmentally responsible manner is paramount in our daily work and in all our decisions.
- At the C-NLOPB, we are committed to doing our part to ensure that the fishing industry and the oil and gas industry can successfully co-exist.
- In my brief talk today, I will:
 - provide a brief overview of the C-NLOPB;
 - review key actions arising from recent spills in our Offshore Area;
 - tell you a bit about our collaborative efforts with DFO with respect to the marine conservation agenda;
 - touch on the ongoing Regional Assessment of Exploratory Drilling in Eastern Newfoundland; and
 - note the timing and location of recent and potential future land sales, which is a key predictor of industry activity going forward.
- I would be pleased to take any questions after my talk.
- For over 30 years, the C-NLOPB has served as an effective agent of independent, joint management of our Offshore Area.
- The role of the C-NLOPB is to facilitate the exploration for, and development of, petroleum resources in the Offshore Area in a manner consistent with our mandate in five key areas of authority:
 - health and safety of workers;
 - environmental protection;
 - resource management;
 - Canada/Newfoundland and Labrador benefits; and
 - exploration and licencing.

- The C-NLOPB's mandate is to interpret and apply the provisions of the *Atlantic Accord* regime to the oversight of operator activities in our offshore.
- The C-NLOPB is staffed with a team of 95 full-time regulatory professionals in a wide variety of disciplines including safety officers, environmental compliance officers, reservoir engineers, geologists, lawyers, geophysicists and measurement analysts – to name a few.
- As CEO, I report to a part-time Board which, when fully constituted, has seven members. Three Board members are appointed by the federal government, and three by the provincial government, and the Chair is a joint appointment by both governments. As you know, Roger Grimes is the current Board Chair.
- The C-NLOPB reports to the federal and Newfoundland and Labrador Ministers of Natural Resources, as these two Ministers retain certain powers and approvals in relation to some Board decisions.
- There's also a reporting relationship to the Minister of Service NL, related to responsibilities for offshore occupational health and safety.
- The jurisdiction of the C-NLOPB extends to the farther of 200 nautical miles or the outer edge of the Continental Shelf. The Offshore Area, as defined in the Accord Acts, covers some 185 million hectares.
- There are over 20 sedimentary basins with proven petroleum systems in several basins.
- From a statistical perspective:
 - there have been 478 wells spud in the Offshore Area since 1966, including 172 exploration wells;
 - Just under 1.9 billion barrels of oil have been produced from four producing projects;
 - The equivalent of 6.6 million line kilometres of seismic data has been acquired; and
 - During the 2018 calendar year, operators reported expenditures of \$3.3 billion related to work in the Offshore Area. Since 1966, cumulative expenditures total \$62.7 billion.
- As you are well aware, four significant unauthorized spills have occurred in our Offshore Area since April 2018. This record of poor industry performance is unacceptable, and better industry performance is required.

- I know that, from your perspective, these spills are equally concerning in that they have the potential to tarnish the “Clean North Atlantic Seafood” reputation which your industry has built over many years.
- I can assure you the C-NLOPB is leaving no stone unturned in an effort to ensure better industry performance going forward. This is especially important given the anticipated increase in offshore exploration activity that is anticipated to occur in the near term.
- Over the past two days, the C-NLOPB hosted a very productive first annual Spill Prevention and Response Forum, which Derek attended. The Forum provided an opportunity for regulators, governments and the fishing industry to undertake a collective review of lessons learned from recent spills.
- Our intention is to make this an annual event, to ensure we capture lessons learned and best practices, and ensure they are implemented leading to continuous improvements in spill prevention and response.
- The Canadian Association of Petroleum Producers (CAPP) and industry operators are fully cooperating with the C-NLOPB’s requirement for industry to develop, as a top priority, a plan of action to effect basin-wide improvements in environmental and safety performance.
- While I’m confident of the current robust nature of our regulatory process associated with spill prevention, there’s always room to improve.
- In the aftermath of the severe November 2018 storm, we worked with operators to identify and share lessons learned and opportunities for improvements, which were also shared this past June with our regulatory counterparts at a meeting of the International Regulators Forum. I am confident that operators now have a clearer, much more robust set of adverse weather protocols that provide better mitigating measures to reduce and manage risks...leading up to, during, and after severe storms.
- The C-NLOPB is continuing its efforts to support governments and prepare for regulatory modernization in the form of increased performance-based regulation. This will enable more innovation in the industry, including in the areas of spill prevention and response and has much potential to enhance safety, environmental protection and technology adoption.
- We are exploring ways to strengthen our risk-based approach to audits and inspections to ensure a thorough and efficient approach that makes the best use of our available

resources across relevant departments, and ensure that we are targeting risks to the highest degree possible.

- We have hired new personnel in the areas of risk assessment, safety and environment, with the much-appreciated and necessary support of governments.
- We are continuing to refine the roles of our Chief Safety Officer and Chief Conservation Officer, with a view to focusing them more on offshore risks and reducing their day-to-day office tasks.
- We are working on the use of new digital technology to enhance incident reporting, tracking and follow up, with potential for better proactive identification of risk factors and trends.
- The C-NLOPB continues to work collaboratively with and learn from other regulators, both in Canada and internationally. We are active in the International Regulators Forum, which Canada now chairs, the International Offshore Petroleum Environmental Regulators, and the North Sea Offshore Authorities Forum, all of whom share a focus on driving improvements to safety or environmental performance in the global offshore petroleum exploration and production industry.
- As well, the C-NLOPB is continuing its formal investigations into the four significant spills since April 2018, along with our investigation into the major injury with potential for fatality that occurred offshore in September 2019. Decisions on enforcement actions will follow completion of these investigations.
- At the C-NLOPB, we work closely with the Governments of Canada and Newfoundland and Labrador as we deliver on our regulatory mandate. We recognize that our role as the lead regulator for offshore oil and gas activities dovetails with issues managed by DFO and federal government marine conservation initiatives.
- Given this reality, the C-NLOPB and DFO have regular and frequent engagement to ensure the objectives of our respective organizations are achieved, and conflicts are avoided. We are also working with DFO to optimize the sharing of operational information related to the Board's land tenure system and the federal marine conservation agenda.
- The C-NLOPB fully supports the Government of Canada's approach to marine conservation. In this regard, the C-NLOPB is working collaboratively with DFO in support of a science and evidence-based approach, with protection measures that are commensurate with conservation objectives.

- As you know, in October 2017 the Government of Canada launched a National Advisory Panel on Marine Protected Area Standards. The Panel consulted widely and delivered its final report in September 2018.
- The Government of Canada issued its policy response in April 2019, and this is the policy direction under which the C-NLOPB now operates.
- In its policy response, the Government of Canada refined its approach to marine conservation, including by establishing standards for the areas that it designates to protect sensitive and important parts of Canada's oceans. This new approach provides clarity regarding industrial activities that can occur in various protected areas. In particular, it established higher protection standards for Marine Protected Areas versus other effective conservation measures such as marine refuges.
- Specifically, oil and gas exploration and exploitation are now prohibited in new Marine Protected Areas.
- However, for marine refuges and similar areas, the policy sets out that industrial activities such as oil and gas exploration can continue provided that the Minister of Fisheries and Oceans is satisfied that risks to conservation objectives of the areas have been effectively avoided or mitigated.
- Proposed oil and gas activities will continue to be scrutinized through regional, environmental, or impact assessments, and will be subject to the provisions of the *Fisheries Act* for protection of fish and fish habitat. It is expected these review processes will provide effective means to thoroughly assess, avoid and mitigate any impacts based on the best available science.
- Our staff participate in DFO-led governance structures for oceans management, are providing input to new DFO-led marine spatial planning initiatives, and are engaging in DFO-led scientific meetings related to the "Statement of Canadian Practice with Respect to the Mitigation of Seismic Sound in the Marine Environment".

#10 - Map of Exploration Licences in CEAA 2012 EA Process

- This map provides a pretty good indication of where exploratory drilling will likely occur in the next 3-4 years.
- All of the blocks you see on the map represent Exploration Licences that have been awarded to operators via the C-NLOPB's Call for Bids process in recent years.

- Those Exploration Licences with green line boundaries have recently received federal environmental assessment approval, while those with red shading are still going through the environmental assessment process.
- It's important to note that exploration wells will likely not be drilled on all of these Exploration Licences. Historically, at least one exploration well has been drilled on 78% of Exploration Licences which the C-NLOPB has awarded.
- Operators will make decisions on the location, timing and number of exploration wells as part of their overall exploration plan for various areas in which they operate.
- One exploration well is currently being drilled in our Offshore Area. ExxonMobil Canada spud the Harp L-42 exploration well on September 11, and the location is noted on the map.
- The map also shows the proposed location of Equinor's proposed Bay du Nord project, which is the next potential major development project in our Offshore Area.
- The current environmental assessment process for exploratory drilling requires each company which has been awarded Exploration Licences to go through a lengthy environmental assessment process. At present, eight separate environmental assessments of exploratory drilling are ongoing in our Offshore Area. The proposed Bay du Nord Development project is also currently making its way through the EA process.
- In an effort to improve the efficiency of the environmental assessment process, the federal and Newfoundland and Labrador Governments, and the C-NLOPB, are working on a Regional Assessment of Exploratory Drilling in Eastern Newfoundland.
- The grey shading on this map shows the large geographic area which is in scope for this Regional Assessment.
- The Committee which has been tasked with completing the Regional Assessment, co-chaired by Wes Foote from our Board, is consulting stakeholder groups on its draft Recommendations this week in St. John's and Halifax. The Committee is expected to have its report ready for public consultation in January.
- When this Regional Assessment is complete, the federal government has indicated it plans to make a Regulation that would exempt future exploratory wells from requiring separate environmental assessments if they're in the area covered by the Regional Assessment, and the proponent commits to complying with the conditions in the

Regulation.

- The starting point for the conditions a proponent must comply with are those 90+ conditions which were in recently released Decision Statements for exploration drilling, supplemented by any additional conditions arising from the Regional Assessment.
- In 2013, the C-NLOPB implemented a Scheduled Land Tenure System. The System provides transparency, predictability and consistency to the way lands are made available to industry for exploration, and then potentially, development.
- This map provides an indication of the projected closing dates for Calls for Bids on land parcels going forward.
- The blocks shaded in yellow represent Calls for Bids that have been approved by the Board and Ministers to proceed. Those shaded in purple are subject to Board and Ministerial approval before a Call for Bids can go ahead.
- Towards the bottom right of the map, the blocks in yellow are part of a Call for Bids in the Jeanne d'Arc and South Eastern Newfoundland regions which closed on November 6. There were successful bidders on two parcels in the Jeanne d'Arc region, and on one parcel in South Eastern Newfoundland.
- A Call for Bids has also been approved for the blocks shaded in yellow in the Labrador South land tenure region.
- The C-NLOPB and the Nunatsiavut Government are currently co-chairing the work to update a Strategic Environmental Assessment for Offshore Labrador. When that SEA update is complete, the Call for Bids will proceed, and that's anticipated in 2021.