The Regulator’s Perspective on the Canada – Newfoundland and Labrador Offshore Industry

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Safety Moment

- Training and Competency
- Dropped Objects
- Information Sharing
- Aging Facilities
- Global Standards
C-NLOPB was established in 1985 under the *Atlantic Accord*

*The Atlantic Accord Acts* created a single regulator with oversight of four key areas:

- Safety
- Environment
- Resource Management (including Exploration)
- Industrial Benefits

Offshore safety and environmental protection are paramount

Member of the International Regulators’ Forum and the International Offshore Petroleum Environmental Regulators
Our Role

The Board’s role is to exercise regulatory oversight of Operators’ activities.

The *Atlantic Accord Acts* place ultimate responsibility on the Operators.

Operators are required to mitigate risk to a level that is “as low as is reasonably practicable.”

Our role is similar to a referee.

The *Atlantic Accord Acts* have enabled the Board to effectively regulate the industry for nearly 30 years. The regulatory tool box includes regulations, guidance and operational conditions imposed on specific activities.

Governments set out legislation and regulations.
Expert Capabilities

75 employees, which includes technical expertise:

- Safety Officers
- Environmental Compliance Officers
- Environmental Assessment Officer
- Reservoir Engineers
- Certification Engineers
- Well Operations Engineers
- Industrial Benefits Engineer
- Reservoir Geologists
- Exploration Geologists
- Operations Geologist
- Development Geologist
- Exploration Geophysicists
- Petrophysics Analysts
- Petroleum Technologists
- Measurement Analysts

and other professionals:

Industrial Benefits Mandate

We administer industrial benefits and employment provisions of the legislation (section 45 of the Atlantic Accord Implementation Acts)

A Canada-Newfoundland and Labrador Benefits Plan must be approved by the Board before any work or activity is authorized.

The role of governments is to provide advice on the Benefits Plan and other benefits matters, but final decision on approval of a Benefits Plan remains with the Board.
Benefits Plan Requirements

Include:

• Establishment of an office in the Province
• A plan for the employment of Canadians, in particular members of the labour force of the Province
• Companies in Canada must have full and fair opportunity to participate in the supply of goods and services, with first consideration given to goods and services from the Province, on a competitive basis
• Expenditures for R&D and E&T must be made in the Province
• Disadvantaged individuals or groups shall have access to training and employment opportunities and participate in the supply of goods and services
Benefits Agreement

A Benefits Agreement is between the Provincial Government and an Operator. It commits the Operator to undertake specific work in the province. Examples include:

• Graving Dock and Gates
• Concrete Gravity Structure
• Accommodations Module
• Other Fabricated Items

The Board has agreed to monitor Benefits Agreements on behalf of the Province.
Offshore Activities

Hibernia

Terra Nova

White Rose

Hebron

Exploration
Hibernia

- After 17 years of production over 900 million bbls have been produced
- Producing, on average, about 120,000 bbls per day
- Over 100 wells have been drilled to date
- SeaDrill’s *West Aquarius* drilling rig currently completing the first of ten subsea tieback water injector wells for the Hibernia Southern Extension
- Looking at ways of developing secondary reservoirs such as the Ben Nevis Avalon and Catalina which could extend the life of the field for another thirty years
Terra Nova

- After twelve years of production over 350 million bbls have been produced
- Producing, on average, about 38,000 bbls per day
- 48 wells have been drilled to date
- The Light Intervention Vessel (LIV), *Skandi Constructor*, operated for the first time in the NL offshore at the Terra Nova field. The LIV is able to do workovers on subsea wells that normally require a drilling unit
- Maintenance upgrades to the FPSO and flowlines have enabled Suncor to extend the life of field to 2026
White Rose/ North Amethyst

- Production started in 2005 and has produced over 225 million bbls between the two fields
- Producing, on average, 56,000 bbls per day
- 41 wells have been drilled to date
- Has expanded over the last two years to include the White Rose Southern Extension. This has increased reserves by 22 million bbls and gas injection capabilities
- If approved by C-NLOPB and governments, and sanctioned by Husky and its partners, the White Rose Extension Project could extend the life of field to 2029
White Rose

White Rose Extension Project (WREP)
• Construction of a Wellhead Platform (WHP)
• Concrete Gravity Structure (CGS) with a topsides drilling facility
• Accommodations (144 persons), utilities, flare boom and a helideck
• 20 well slots – up to 40 wells
• No oil storage
• Technical review of design is ongoing

Public Review
• Public review commenced on June 12, 2014 by Harris Centre
• Public review concluded September 15
• Harris Centre Report to be posted on C-NLOPB website
• C-NLOPB review underway

Employment
• 5 million person hours – engineering and construction
• 18 million person hours – operations
Hebron

- Gravity Based Structure towed to deepwater construction site on July 22
- Construction to continue at deepwater site
- In-province employment to reach a peak of approximately 5,000 this year
- First oil on schedule to be produced before the end of 2017
- It is estimated that 700 million bbls will be produced over 30 years
- Topsides Constructions – WorleyParsons
- GBS Construction - Kiewit-Kvaerner Contractors
Exploration Drilling 2014

- Statoil planning to drill a multi-well follow up program in the Flemish Pass Basin with a new drilling rig (West Hercules). Drilling may commence next month.

- Husky planning to drill a well in the Southern Flemish Pass Basin with the Henry Goodrich drilling rig. Drilling may commence in Q3 2014.
Exploration Geophysical Programs 2014-15

- Extensive regional 2D Seismic Data Acquisition
- Large 3D seismic survey in the Flemish Pass Basin
- Eastern Newfoundland Region Controlled Source Electromagnetic Survey
- Hebron wellsite and seafed survey
- Hibernia seafed survey
- Husky wellsite survey
- Seafloor and Seep Sampling Program Offshore Labrador
- Increased seismic data acquisition expected in 2015
Canada-Newfoundland and Labrador Offshore Area

33 Exploration Licences (ELs)

54 Significant Discovery Licences (SDLs)

11 Production Licences (PLs)
The Game Changer
A New Scheduled Land Tenure System

The previous land tenure system did not provide adequate time for new players to assess prospectivity – that has now changed.

The new land tenure system extends the assessment period between the request for nominations and the close of the Call for Bids.

This system would include:
- Longer lead times for adequate geoscientific assessment
- Increased predictability
- Consistency
New Scheduled Land Tenure System

Categories

The Offshore Area is subdivided into three categories based on historic level of oil and gas activity:

- Low Activity
- High Activity
- Mature

Time Cycles

The different time cycles and the schedules are as follows:

- Four-year cycle for Low Activity category
- Two-year cycle for High Activity category
- One-year cycle for the Mature category
- One-year cycle for any lands not publically announced in the scheduled system
Atlantic Accord and Regulatory Requirements

The new system will likely result in increased exploration activity, but not at the expense of safety or environmental protection.

New and existing entrants have additional time to assess prospectivity, but must also consider:

- Harsh environmental conditions offshore
- Robust regulatory regime
- Full and fair opportunity for Canadian companies, with first consideration for Newfoundland and Labrador companies on a competitive basis

Particular attention given to safe helicopter travel, satisfactory spill prevention and response capability and the ability to drill wells safely.

Early Engagement with the C-NLOPB is strongly encouraged.
For further information visit
www.cnlopb.ca

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