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Thank you for that introduction. It's a pleasure to be here and to have this opportunity to talk about the role of standards in regulating the NL offshore oil and gas industry.

I'll begin by providing some background on our regulatory structure and the environment in which we operate. I'll also talk about where standards fit in our regulatory structure and where we see them going.

Let me preface my presentation by saying this is a global industry that's highly mobile. In order to be efficient, global standards are required.

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The C-NLOPB is a joint agency of two levels of governments - federal and provincial. We administer the regulations for the offshore oil and gas industry, but the development of regulations is a government responsibility. We can support that process in an advisory capacity when requested.

We have four key pillars in our mandate:

- Offshore Safety
- Environmental Protection
- Resource Management/Conservation
- Local Industrial Benefits

The legislation does not establish priorities, but worker safety is always our top priority.

The C-NLOPB has a very broad mandate; perhaps one of the broadest mandates in the international regulatory community built from a single window concept.

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We are an arms-length, independent regulator. We interpret and apply the legislation with considerable autonomy in decision-making.

Of course, there are no guarantees in the area of safety. It is not our role to guarantee safety. Our role is one of regulatory oversight. We see that the operator is fulfilling their duty to operate safely and to reduce risks to as low as is reasonably practicable.

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Our Board is comprised of seven persons and we report to two Ministers of Natural Resources. Three members are appointed by the federal government; three by the provincial government and a chairperson appointed jointly and who also serves as the Chief Executive Officer.

We have nine Departments and 77 multi-talented and professional staff.

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Our industry is producing about 250k/day of light sweet crude from four (4) fields with a fifth development under construction.

Current production is in the Jeanne d'Arc Basin - the dark spot in the lower right next to the red line, which is the 200 nmi economic zone.

Recent exploration has been in the deep water outside the 200 nmi. Chevron has drilled three exploration wells in the Orphan Basin in 2400 meters of water. Statoil had found three discoveries in the Flemish Pass area in 1100 meters of water. You may remember the Flemish Cap from the movie The Perfect Storm, There was some artistic licence with the movie. I'm not aware of that many calm sunny days on the Flemish Cap.

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There are conditions that can resemble the movie though. The photo was taken several years ago from the bridge of one of the supply vessels working in our offshore. Severe storms can mark our winter season.

This past month we had a storm where max seas were 19 m.

For the record, the supply boat in this picture survived that storm.

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We also have to deal with icebergs. They are great for tourists to view from tour boats or when they come close to shore, but not so much fun when they wander offshore close to offshore petroleum installations.

This one snuck in on the operator. They had some explaining to do about their management systems. The picture was taken from a rig, which was ready to drop anchors and move away. An FPSO was nearby. It too was ready to move by dropping its mooring buoy and move away.

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Sea ice is another factor. You will notice, there is no flare on the FPSO. It has shut in production and flushed flow lines and is ready to drop its buoy and move away should the pack ice get any heavier.

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This photo shows the top of the drilling derrick. There is a rig under that fog. We usually say the fog season runs from June to August but more recently it can occur anytime of the year. The other unique thing about our fog is the combination we sometimes get 40 knots of wind and fog.

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There really is a rig under that fog. Just a typical winter day.

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This picture was taken earlier this month on a supply boat about the time an operator was looking to repair a leak in its Offshore Loading System (OLS). They kept the vessel with equipment to repair the OLS in port until they had a forecast for the weather window they needed to avoid icing on the repair equipment. Scheduling maintenance becomes a little more difficult in our environment.

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We have what is sometimes called a permission based regulatory system.

Operators must have authorization before they can conduct any work or activity in the offshore area.

Before carrying out any petroleum related work or activity in NL offshore area an operator must have an Operating Licence. It identifies the legal entity conducting the activity

Prior to issuing an authorization, the Operator must attest that the equipment and facilities to be used during their program are fit for purpose; the operating procedures are appropriate; and the personnel are qualified/trained and competent in respect of their responsibilities.

Accord Acts and Certification of Fitness (COF) Regulations require that each offshore installation (production, drilling, diving and accommodation) have a valid COF issued by recognized CA who are listed in regulations; this provides an independent third party assurance and verification that the installation is fit for its purpose.

The operator must demonstrate they have the financial resources to deal with an incident. The governments have recently announced their intention to require an increased financial requirement.

Before any activity is authorized the operator must an approved environmental assessment.

There is also a requirement for an approved benefits plan before any activity can be authorized.

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There are also a number of approvals included in the legislation. While some approvals are standing alone, others are linked to the authorization. For example the approval to drill a well offshore requires a two-stage process. There an Operations Authorization which would review the drilling installation to be used and would be issued for a number of wells. Each individual well will require an approval, which would include information specific to that unique well.

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There is a suite of regulations that apply to the offshore area. The older regulations were written in a prescriptive style such as the diving regulation, which includes most of the requirements in the regulation with reference to only one standard. The installations regulations are mostly prescriptive and use an incorporation style by referencing standards. The latest style of regulation is written in a performance-based style, such as the Drilling and Production, which has no, or few standards referenced. These regulations replaced two former regulations, the drilling regulations and the production and conservation regulations, which, like the installations regulations, incorporated a number of standards by reference.

- Petroleum Installations has 83 standards referenced
- Petroleum Drilling and Production has no standards referenced
- Petroleum Diving has only one standard referenced
- Petroleum Occupational Safety and Health (draft) has 55 standards referenced
- Petroleum Geophysical Operations
- Former Drilling regulations had 11 standards referenced
- Former Production and Conservation regulations had 15 standards referenced

One of the challenges with referencing standards in the regulations is when the standards are changed or superseded. The Accord Acts allow for an equivalency process that we refer to as the regulatory query, which has been an extremely helpful in administering the regulations.

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Since the start of the first production project in our offshore area there have been 1350 regulatory queries processed by our Board.

- 953 for the Installation regulations
- 237 for the Occupational Safety and Health regulations
- 119 for the former Production and Conservation regulations
- 31 for the Diving regulations
- 7 for the Certificate of Fitness regulations
- 3 for the new Drilling and Production regulations

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While the performance-based regulation doesn't incorporate standards the guidance for the regulation demonstrates through reference to standards how compliance can be achieved.
Drilling and Production guideline has 54 standards referenced
Drilling Equipment guideline has 30 standards referenced
Physical Environmental Program guideline has 10 standards referenced
Offshore Waste Treatment guideline has 15 standards referenced

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Section 48 from the drilling and production regulation is an example of a performance based provision, which could be considered a general duty clause.

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The guideline for that section references six different standards that could be used to demonstrate compliance with that section of the regulations.

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Thank you.

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