



Presentation to NHH AND MUN
Joint Energy Workshop on Energy Economics
Comparative Perspectives on Oil and Gas
Development in Newfoundland and Norway

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Safety Moment



Overview Of Presentation

- OVERVIEW OF THE C-NLOPB
- LEGISLATIVE AUTHORITY
- DEVELOPMENT PLAN APPROVAL
- ISSUANCE OF PRODUCTION LICENCE
- AUTHORIZATION FOR WORK

Regulator for Canada-Newfoundland and Labrador Offshore Area

- Established in 1985 under the Atlantic Accord to provide regulatory oversight in four areas:
 - Safety
 - Environment
 - Resource Management (includes Exploration)
 - Industrial Benefits
- One of three Canadian offshore regulators, along with CNSOPB and NEB
- 7 Board Members: Chair and CEO (jointly appointed, along with designation of Vice-chair), 3 federal appointees and 3 provincial appointees (currently 1 provincial vacancy and 1 federal vacancy)
- Board reports to federal and provincial Ministers of Natural Resources, plus Minister of Service NL
- *Accord Acts* place ultimate responsibility for safety and environmental protection on operators, who are required to mitigate risk to a level as low as is reasonably practicable (“ALARP”)
- Regulatory tools include legislation, regulations, guidance, codes of practice and conditions
- Enforcement and compliance tools include notices of non-compliance, orders, revocation of authorizations, prosecution and administrative monetary penalties

Summary of Board's Mandate

- Limited to offshore area and by legislative restrictions
- Issuance and administration of petroleum rights
- Approval of all activities respecting the exploration, drilling, production, conservation, processing, or transportation of petroleum - particular regard to environment & safety
- Approval of Development Plans and Newfoundland & Labrador Benefits Plans
- Curation of technical samples & materials



“Fundamental Decisions” Require Ministerial Approval

- With certain exceptions, Board decisions and actions are final
- Ministerial joint “directives” could apply (e.g. For Fundamental Decisions, Board orders, Public Reviews, Benefits Plans)
- Decisions by the “Oil and Gas Committee”
(including those related to discoveries and unitization)
- Decisions by the “Chief Safety Officer” or “Chief Conservation Officer”

Expert Capabilities

85 employees, includes technical expertise:

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



And other professionals:

- Lawyers, Public Relations, Human Resources, Information Technology, Information Management, Industrial Benefits and Accounting

Legislative Authority

Joint Management Regime for Canada-Newfoundland and Labrador Offshore Area

- *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act (Federal)*
- *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland And Labrador Act (Provincial)*

General Objectives

- Stable and permanent management regime
- Operational and occupational health and safety
- Protection of environment
- Enhancement of social and economic benefits to Canada and province
- Participation of Canadian and provincial residents
- Energy security and economic prosperity
- Facilitate revenue sharing

Regulations

Canada–Newfoundland and Labrador Offshore
Petroleum Administrative Monetary Penalties
Regulations

Canada–Newfoundland and Labrador Offshore
Petroleum Cost Recovery Regulations

Canada–Newfoundland and Labrador Offshore
Petroleum Financial Requirements Regulations

Canada Oil and Gas Lands Regulations - Land
Division

Certificate of Fitness

Diving Certificates

Diving Operations Safety Transitional Regulations

Drilling and Production Regulations

Hibernia Development Project Offshore

Applications

Marine Installations and Structures Transitional
Regulations

Newfoundland and Labrador Offshore Area Line

Occupational Health and Safety Transitional Regulations

Newfoundland Offshore Area Registration

Offshore Petroleum Administrative Monetary Penalties
Regulations

Offshore Petroleum Cost Recovery Regulations

Offshore Petroleum Financial Requirements Regulations

Oil and Gas Operations

Oil and Gas Spills and Debris Liability

Other Requirements Respecting Occupational Health &
Safety

Petroleum Geophysical Operations

Petroleum Installations

Guidelines and Interpretation Notes

Guidelines and interpretation notes assist the Board with the “application and administration” of provisions of the *Accord Acts* or regulations by communicating its expectations regarding achieving regulatory compliance.

Atlantic Canada Standby Vessel Guidelines

Applications for Significant or Commercial Discovery
Declarations

Benefits Plan Guidelines

Compensation for Damages

Cost Recovery Guidelines

Data Acquisition and Reporting Guidelines

Development Plans

Drilling and Production Guidelines

Environmental Protection Plan Guidelines

Exploration Benefits Plan Guidance

Financial Responsibility Guidelines

Geophysical, Geological, Environmental and Geotechnical
Programs

Incident Reporting and Investigation Guidelines

Measurement Under Production and Conservation
Regulations

Monitoring and Reporting

Monthly Production Reporting for Producing Fields

Newfoundland and Labrador Offshore Area Registration
System

Offshore Waste Treatment

Physical Environmental Programs

Reporting Lift Gas Volumes

Research and Development Expenditures

Safety Plan Guidelines

Selection of Chemicals

Transboundary Crewing

Codes of Practice

A Code of Practice is a set of written rules which explains how people working in particular occupations or workplaces should act.

Part III.1 Accord Acts provide authority for the Chief Safety Officer (CSO) to mandate that an operator put an occupational health and safety code of practice in place, or adopt one chosen by the CSO, with respect to its workplaces, activities carried out there and the transportation of employees to or from such workplaces.

The CSO can also revise a code they impose, or require an operator to revise a code it has established for itself.

Similarly, the *Accord Acts* give the CSO the power to mandate or impose (and revise) a code of practice with respect to an employer in relation to a workplace under the employer's control or any work or activity carried out at any of those workplaces.

e.g. Atlantic Canada Offshore Petroleum Standard Practice for the Training and Qualifications of Offshore Personnel, November 2016

Offshore Activities



Hibernia



Terra Nova



White Rose/North Amethyst



**Hebron
Production in 2017**



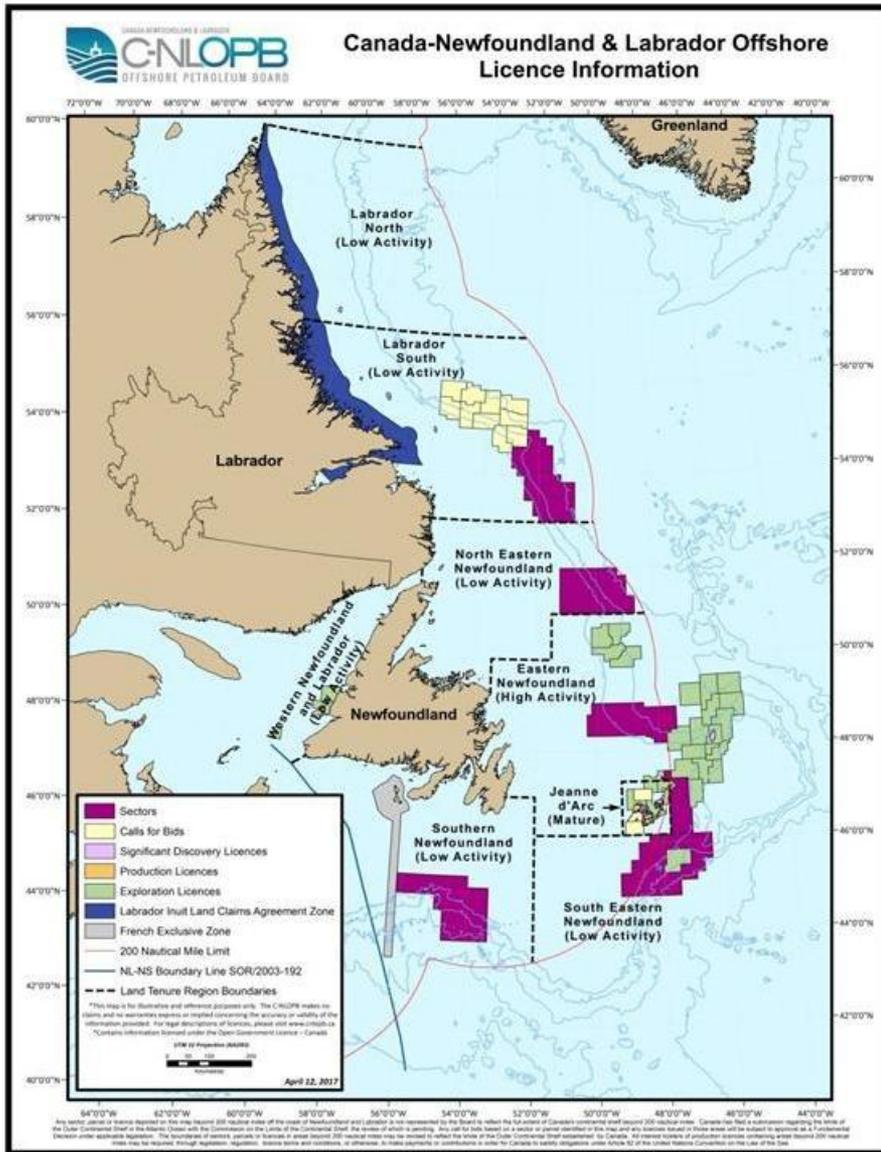
Sub-sea Expansion



Seismic



Exploration Drilling



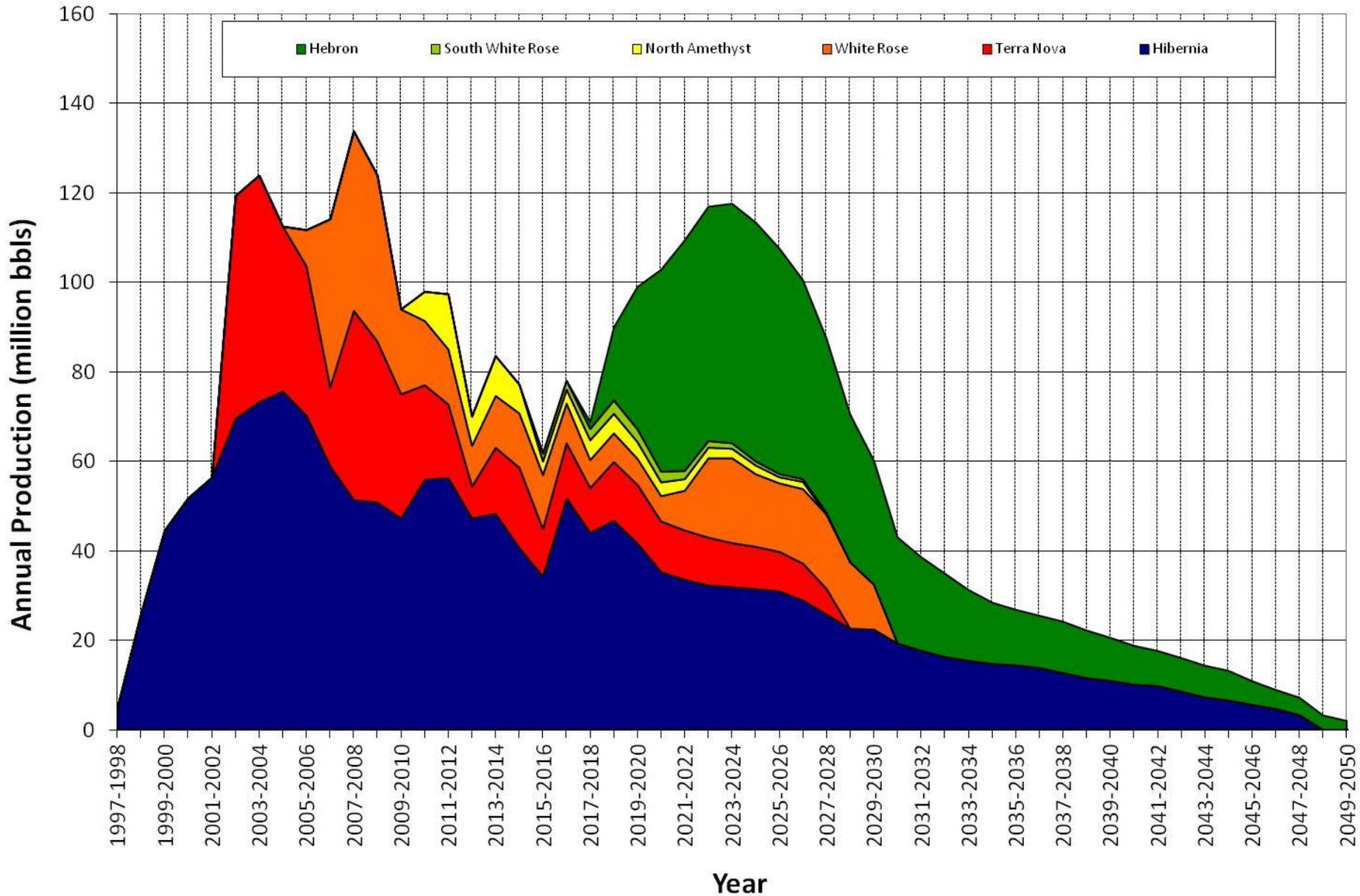
Canada-Newfoundland and Labrador Offshore Area

29 Exploration Licences

55 Significant Discovery Licences

12 Production Licences

Newfoundland and Labrador Offshore Area Production Forecast



Major Offshore Project Approval

- Development Plan Approval
- Environmental Assessment Approval
- Canada-Newfoundland and Labrador Benefits Plan
- Issuance of Production Licence
- Commissioning and Installation
- Drilling/Production Operations Authorization

Development Plan Approval

1. Preliminary Considerations
2. Overview of Development Plan
3. Development Plan documents
4. *CEAA (2012)*
5. Public review/*CEAA (2012)*
6. Staff Analysis
7. Decision report

Development Plan Approval

1. PRELIMINARY CONSIDERATIONS

- Pre-consultation between a proponent and the Board is an essential element to efficient consideration of the Development Application of a proponent.
- Such discussion may assist the Board in determining at an early stage the appropriate review process
 - Web-based consultation
 - Public hearing
- These discussions should not compromise the Board or the proponent
- Once a decision has been made by the Board respecting form and conduct of a Public Review, the proponent will be notified

Development Plan Approval

2. OVERVIEW OF DEVELOPMENT PLAN

- The primary purpose of the Development Plan is to provide the Board with information necessary to assess the acceptability of the proponent's plan and to assist the Board to make an informed decision.
- A secondary purpose is to make appropriate information available for public examination.
- The Development Plan is submitted in two parts.

Development Plan Approval

3. DEVELOPMENT PLAN DOCUMENTS

PART I

Describes the proponent's plans for development of the pool or field, and contains a summary of all the information used by the proponent in preparing the Development Plan, and would include, but is not limited to:

- Partners
- Alternative exploitation schemes
- Description of geology, geophysics and petrophysics
- Reservoir data to ascertain oil production capacity for the life field
- Reservoir exploitation and reserve estimates
- Development drilling and completion design and proposed wells
- Description of production and export systems, including subsea
- Construction and installation overview
- Production and maintenance operations associated with project
- Decommissioning and abandonment
- Operating and cost data

Development Plan Approval

3. DEVELOPMENT PLAN DOCUMENTS (CONT'D)

PART II

This part of the Development Plan will consist of copies of technical studies, reports, proposals, etc.

Used by the proponent in the preparation of the Development Plan and in the consideration of alternative modes of development.

Subject to the confidentiality and privilege provisions outlined in the *Accord Acts*, it is the intent of the Board to make available to the public information submitted by the proponent to the Board, prior to and during the review process.

The determination of the confidentiality of material will be made as part of the Board's completeness review.

Development Plan Approval

3. DEVELOPMENT PLAN DOCUMENTS (CONT'D)

OTHER ANCILLARY DOCUMENTS MAY INCLUDE:

- Safety Analysis and Commitment
- Environmental Impact Statement
- Socio Economic Impact Statement
- Satellite Development Considerations

Development Plan Approval

4. ENVIRONMENTAL ASSESSMENT

The Development Application review pursuant to the *Accord Acts* and the Environmental Assessment review pursuant to the *Canada Environmental Assessment Act (2012) (CEAA)*, where, applicable should be concurrent, to the extent possible.

The project description has to be sufficiently detailed information for determining the appropriate level of environmental assessment required.

Currently, the Canadian Environmental Assessment Agency would conduct this review concurrent with Development Plan review.

Development Plan Approval

4. ENVIRONMENTAL ASSESSMENT (CONT'D)

ENVIRONMENTAL IMPACT STATEMENT (EIS)

The Board would expect the EIS to include descriptions of:

- All activities to be conducted
- External environment
- Geotechnical environment
- Atmospheric environment
- Baseline description of the oceanic environment
- Sea ice and icebergs occurrence
- Shoreline environment
- Biological environment
- Environmental and project effects

Development Plan Approval

4. ENVIRONMENTAL ASSESSMENT (CONT'D)

MITIGATION AND MONITORING

The proponent must describe procedures and equipment proposed to reduce or prevent potential adverse effects of all project activities on the environment, with reference to the Environmental Protection Plan (EPP) that will be submitted for approval prior to commencement of production activities.

THIS SECTION WOULD NORMALLY INCLUDE:

- Environmental Effects Monitoring
- Compliance Monitoring
- Biological Observation Programs
- Forecasting Programs

Development Plan Approval

5. PUBLIC REVIEW PROCESS

The powers of the Board in relation to the public review are broad.

The Board is required to conduct a public review of the development unless the Board determines a review is not necessary in the public interest.

The scale and scope of the public review should be commensurate with the scale of the development and the degree to which new and innovative techniques and approaches are proposed.

Development Plan Approval

5. PUBLIC REVIEW PROCESS (CONT'D)

As part of the process, a public review may include:

- Public information and consultation
- Appointment of public review body
- Public submissions
- Engagement of Communities across Newfoundland and Labrador including indigenous groups

The Commissioner, not later than 270 days after its receipt of information to be reviewed, shall make a report of its findings including recommendations to Ministers and the Board.

Development Plan Approval

6. STAFF REVIEW PROCESS

The Board will, in all cases, carry out its own evaluation of the Development Plan, including an internal technical analysis by staff of the Board concurrently with the public review.

Although public comments are considered in Staff Analysis, the Board does not write a direct response to each.

A Staff Analysis report will be prepared for the Board including recommended conditions to be attached to approval for the final Decision Report of the Board.

Development Plan Approval

7. DECISION REPORT

The Board will consider the recommendations of the Commissioner and the Staff Analysis and make a Decision on the Development Plan Approval.

Such approval is a Fundamental Decision of the Board and must be approved by both Ministers.

The Development Plan Decision may contain conditions.

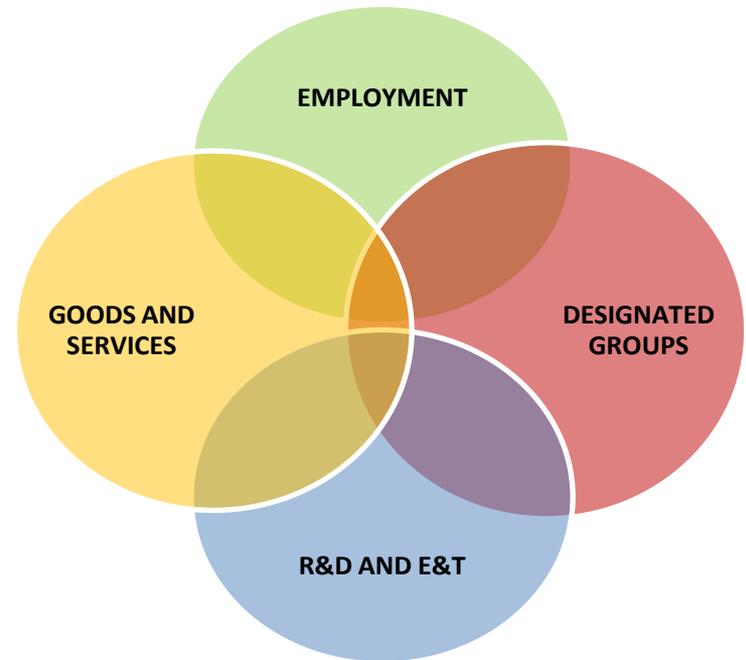
The Canada-Newfoundland and Labrador Benefits plan is a separate approval and not a fundamental decision. It is a final decision of the Board.

Benefits Plan

- Benefits Plans in general describe a process to meet the provisions of the legislation
- Benefits Plans are not required to prescribe outcomes or required amounts of work in the province, i.e., employment or activity that must occur
- The process is competitive, i.e., employment is determined by the skills of the local workforce and activity is determined by competitiveness of the local industry
- Approval of a Benefits Plan is not a fundamental decision, although consultation with governments is required

Benefits Plan

- A Benefits Plan is a plan for the employment of Canadians and, in particular members of the labor force of the province; and for providing manufacturers, consultants, contractors, and service companies in the province and other parts of Canada with a full and fair opportunity to participate in a competitive basis in the supply of goods and services
- Corporation submitting a benefits plan shall establish an office in the Province with appropriate levels of decision making prior to carrying out any work or activity in the offshore area
- First consideration shall be given to services provided from within the Province and to goods manufactured in the Province where competitive in terms of fair market price, quality and delivery
- Individuals resident in the Province shall be given first consideration for training and employment
- Expenditures shall be made for R&D to be carried out in the Province and for E&T to be provided in the Province
- Designated individuals or groups are to have access to training and employment opportunities and the benefits plan must enable corporations owned or operated by designated groups to participate in the supply of goods and services



Approved Development Projects

Hibernia



Hebron



White Rose



Terra Nova



Production Licence

Granted to interest holders with exploration or significant discovery licences falling within a *Commercial Discovery Area* declared by the Board for the project.

A production licence grants the holder the following rights:

- a) The right to explore for, and the exclusive right to drill and test for, petroleum;
- b) The exclusive right to develop those portions of the offshore area in order to produce petroleum;
- c) The exclusive right, subject to compliance with the other provisions of this part, to obtain a production licence; and
- d) Title to the petroleum so produced.

Authorization for Work or Activity Approval

- Every work or activity is conducted pursuant to an authorization from the Board.
- Examples of project authorizations include:
 - Construction/diving
 - Tow-out as applicable to GBS (eg. Hibernia and Hebron)
 - Installation and commissioning
 - Operations (drilling and production)
- Other authorizations include:
 - Geophysical
 - Diving
 - Drilling (exploration and delineation)



Authorization for Work or Activity Approval

Conditions respecting the following will apply for most authorizations:

- Safety Assessment (Safety Plan/Management System)
- Industrial Benefits
- Financial Responsibility
- Certification Of Installations & Equipment
- Occupational Health & Safety
- Environment
- Other

Authorization for Work or Activity (Safety Assessment)

Prior to the Board issuing an authorization, the Operator is required to provide a duly executed "[Declaration of Fitness](#)".

This legal document states that the Operator is satisfied that the facilities used for the activity are fit for the purpose, the operating procedures relating to them are appropriate, and the personnel who are to be employed in the activity are qualified and competent for their respective responsibilities.

Operators are expected to demonstrate that they have exercised due diligence prior to the execution of the Declaration of Fitness.

The Board must consider the safety of the activity as a whole and its component parts including facilities, personnel and procedures prior to issuing an authorization through a safety assessment.

Authorization for Work or Activity *(Industrial Benefits)*

A Benefits Plan contains provisions specific to the work or activity to ensure that:

- Before carrying out any work or activity in the offshore area, the proponent shall establish an office in the province where appropriate levels of decision-making are to take place;
- Individuals resident in the province shall be given **first consideration** for training and employment;
- Expenditures shall be made for research and development to be carried out in the province and for education and training to be provided in the province; and
- First consideration shall be given to services provided from within the province and to goods manufactured in the province, where those services and goods are competitive in terms of fair market price, quality and delivery.

Authorization for Work or Activity (*Financial Requirements*)

- “Polluter pays” principle - costs of pollution should be borne by those who cause it.
- Where a petroleum spill or debris occurs, person at fault or negligent is liable for:
 - Actual loss or damage;
 - Costs and expenses of clean-up; and
 - Loss of non-use value of public resources.
- Two components:
 - Financial resources
 - Financial requirements

AUTHORIZATION FOR WORK OR ACTIVITY (Financial Requirements)

'Capacity to pay' (financial resources)

- To obtain a drilling, development or production authorization, an applicant must demonstrate that it has the financial resources required to pay \$1 billion
- In case of certain authorization applications:
 - Board can increase this amount based upon risk
 - Ministers can also decrease, on Board recommendation
- For all other authorizations, Board sets the amount
- Statement of nets assets plus audited financials/insurance/ guarantee agreement /surety bond, etc.

Authorization for Work or Activity (Financial Requirements)

‘Liquid funds’ (financial responsibility)

- For each drilling, development or production authorization, applicant must provide \$100 million in funds payable on demand (cash, letter of credit, letter of guarantee)
- Board can increase this amount if it considers necessary, nr ministers can decrease on Board recommendation (risk analysis)
- Alternative - a “pooled fund” of \$250 million, can be used for multiple authorizations across multiple jurisdictions if it meets certain standards
- For all other authorizations, the amount is set by the Board

Authorization for Work or Activity (Certification of Installations/Equipment)

- Ultimate responsibility of the operator to ensure the program, including the facilities, comply with the regulations and to ensure the program can be conducted safely without polluting the environment.
- Operator must provide a *Certificate of Fitness*
- Governed by *Accord Acts* and *Certificate of Fitness Regulations*
- Certificate of fitness issued by one of four independent certifying authorities (DNV, ABS, BV, Lloyd's)
- This independent third party assurance and verification that the installation, during the term of the certificate, is fit for purpose, functions as intended, and remains in compliance with the regulations without compromising safety and polluting the environment.

Authorization for Work or Activity (Occupational Health and Safety)

- Ultimate responsibility of the operator to ensure health and safety of all workers at a workplace in the offshore area and in relation to the transportation of passengers to or from a Workplace or between Workplaces
- Mirrors provincial and federal onshore OHS regimes
- Newfoundland and Labrador social legislation also applies (e.g. Labour standards – hours of work)
- In addition to any requirement or approval determined by the Board, the authorization is also subject to any requirements and approvals not inconsistent with the provisions of the *Accord Acts* or its regulations that the Board determines relates to OHS
- In deciding whether to issue or amend an authorization, the Board shall take into account the recommendation of the CSO

Authorization for Work or Activity (Environmental Assessment and Protection)

- Assessment of potential effects of environmental conditions such as wind, waves and ice conditions on operations
- Assessment of potential effects of operations on the natural environment
- Evaluation of measures to mitigate environmental effects
- Evaluation of environmental monitoring plans
- Contingency Plans
 - Emergency Response Plans
 - Oil Spill Response Plan
 - Ice Management Plan
 - Relief Well Drilling Arrangements



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