



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

January 14, 2013

sent electronically – to follow by regular mail

Ms. Elizabeth Young
Environmental Assessment Officer
Canada-Newfoundland and Labrador Offshore Petroleum Board
5th Floor, TD Place, 140 Water St.
St. John's, NL A1C 6H6


Dear Ms. Young:

**Re: CAPP's Submission to the update of the Western Newfoundland and
Labrador Offshore Area Strategic Environmental Assessment**

Please find attached a submission from CAPP with the intention of providing some information regarding our industry that may be useful in the western NL offshore SEA process. Please forward this to AMEC as per the SEA update process and post to the website as appropriate.

Please don't hesitate to call to discuss any aspect of the submission. I can be reached at (709) 724-4202.

Regards,



R. Paul Barnes
Manager, Atlantic Canada

Attachment

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CAPP Submission to Western Newfoundland and Labrador Offshore Area Strategic Environmental Assessment

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The Canadian Association of Petroleum Producers (CAPP) is the voice of Canada's upstream petroleum industry. CAPP represents companies, large and small, that explore for, develop and produce natural gas and crude oil throughout Canada. CAPP's member companies produce about 90 per cent of Canada's natural gas and crude oil. CAPP's associate members provide a wide range of services that support the upstream crude oil and natural gas industry. Together CAPP's members and associate members are an important part of a national industry with revenues of about \$100 billion-a-year.

CAPP and its members support the open dialogue that is a component of the update of the 2007 Western Newfoundland and Labrador Offshore Area Strategic Environmental Assessment (SEA). Through discussion and review of issues, stakeholder concerns and industry activities can be better understood. We support a science/fact-based open discussion that addresses the issues and seeks to find solutions. We recognize that stakeholders have concerns and questions about this industry's operations and submit the following points as a way of inputting into the discussion.

Below we provide information on some aspects of the industry that may be of interest in this SEA process and links to further information.

Communication with Other Industries

Our industry respects and works closely with other industries and stakeholders to ensure minimal impact from its operations on other ocean users. Communication between the industries is viewed by petroleum operators as important and various processes and discussion forums have been established to facilitate communication. In Newfoundland and Labrador, for example, the petroleum and fishing industries have successfully coexisted for years. One Ocean was established by the fishing and petroleum industries as an organization that facilitates communication between the two industries. Meetings, workshops, research and regular discussion occur via One Ocean.

To learn more about One Ocean please visit: <http://www.oneocean.ca>

In addition to One Ocean, petroleum operators establish communication tools regarding their specific activities. For instance, industry activities are broadcast via radio stations to advise of their timing and location; Fisheries Liaison Officers are in place to facilitate communication between the fishing and petroleum industries for specific activities and tools such as attributable or non-attributable damage compensation programs have been developed to provide clarity and certainty should any impact occur.

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Seismic Activities

Through careful planning and appropriate regulatory oversight offshore operators conduct seismic surveys safely and with minimal impact on the marine environment. Regulators approve seismic survey work and establish environmental protection conditions for each survey. As part of the required environmental assessments and protection planning for oil and gas activity, companies identify areas and species of ecological significance that may be present where an activity will take place. Companies then identify and implement mitigation measures to reduce or eliminate any potential impacts. This includes adherence to the science-based *Statement of Canadian Practice with respect to the Mitigation of Seismic Sound in the Marine Environment* which outlines requirements that must be met during the planning and conduct of marine seismic surveys in order to minimize impacts of the activity.

Further information on the Statement of Practice can be found at the following link:

<http://www.dfo-mpo.gc.ca/oceans/management-gestion/integratedmanagement-gestionintegree/seismic-sismique/index-eng.asp>

Industry, government and academia have been conducting research on the impact of seismic surveys on marine life for many years and research remains ongoing. To date, findings from this research indicate no long term adverse effects on marine mammal populations. Research has also shown that seismic surveys conducted with recommended mitigation measures in place are unlikely to pose significant risk of mortality to marine organisms.

To read more about research on the effects of seismic surveys on marine life go to:

http://www.dfo-mpo.gc.ca/csas/Csas/status/2004/HSR2004_002_E.pdf

The industry is committed to advancing research in this area and continues to apply mitigation measures like powering down air source arrays (seismic equipment) if an endangered or threatened marine mammal or sea turtle is observed in the water (as outlined in schedule 1 of the Species at Risk Act).

To learn more about offshore seismic surveys go to:

<http://www.capp.ca/getdoc.aspx?DocId=90917&DT=NTV>

Spill Prevention and Response

Oil and gas resources in Canada are developed responsibly and risks associated with development are reduced as much as possible. Industry activities are well managed and this includes being prepared to deal with an incident should it occur. The Atlantic Canadian offshore industry has access to world class spill prevention and response capability and is governed by a

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rigorous regulatory regime. Offshore operators regularly assess their environmental, health and safety performance and test new ways to approach spill prevention and response.

Prevention is the best line of defense against spills. It begins with engineering and process controls and well design, continues through drilling and production practices and is supported by specific technologies. Comprehensive management systems identify potential risks which operators work to reduce and mitigate. Automated and manual monitoring systems are located throughout offshore facilities to control shutdown systems; back-ups for these systems are also in place. Offshore operators ensure rigorous monitoring occurs during drilling and production activities and conduct detailed preventative and corrective maintenance to ensure equipment remains in safe working order. Offshore installations must meet the safety standards of Transport Canada and the appropriate federal-provincial regulatory body. They must also meet international rules and undergo inspections of their design and capability.

The industry is also ready to respond should an oil spill occur. Spill capability includes resources stored offshore and onshore, such as booms and skimmers, and formal arrangements with international response organizations able to activate support within hours of being notified. Operators have extensive oil spill preparedness and response programs in place, including:

- risk identification and assessment of potential spill scenarios
- understanding of the regulatory requirements
- detailed oil spill response and contingency plans
- definition of roles and responsibilities, including response management structure, both offshore and onshore
- operational preparations and procedures, including training and exercise requirements for responders
- mutual emergency assistance agreements with other operators
- contracts with oil spill response organizations
- availability and maintenance of response equipment
- continuous improvement plans to review/enhance response capability as necessary
- support for research and development

For a greater discussion about industry activities, statistic and industry performance please refer to the Responsible Canadian Energy program available on CAPP's website (www.capp.ca). This program is a coordinated effort to demonstrate and present industry performance and to reflect the industry's commitment to continuous improvement.

Environmental Effects of Offshore Exploration Activities

In addition to the above discussion regarding prevention of and response preparedness regarding spills, environmental assessment of industry activities occurs in advance of every stage of

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industry activity. Prior to consideration of authorization of the work, industry must evaluate any possibility of environmental impact. For example, prior to undertaking exploration activity offshore, environmental effects are evaluated via environmental assessment process. This process is derived from various regulatory commitments and significant work has been conducted in such evaluations. To that end, it has been determined by the Atlantic Roundtable in 2004 that effects of exploratory drilling on the environment are generally expected to be minor, localized, short in duration and reversible. In addition, in the Atlantic Canada offshore, the Accord Act legislation places responsibility and accountability on the Offshore Petroleum Boards to protect the offshore environment, and grants authority to the Boards to require operators to carry out environmental programs or studies, as it deems appropriate, prior to the authorization of any offshore activity in their respective jurisdictions. These Boards routinely address their responsibilities prior to any offshore activity being conducted.

Conclusion

In addition to responsible industry operations within Canada, there is a robust regulatory system in place guiding this activity. This regulatory regime has not been static, but has improved over time as it is reviewed regularly to ensure alignment with public policy and technological advances. It provides multiple layers of oversight, ranging from technical analysis of the well design and drilling processes, to the environmental impacts associated with the activity and contingency planning for how to address incidents should all else fail. In essence, it provides for a two-pronged approach: prevention and response capability.

Over the nearly four decades of petroleum activity offshore in other Atlantic Canadian regions it has been shown that industry operations are conducted in a safe and responsible manner. Communication between the petroleum industry, other industries and stakeholders is a key component of this success along with appropriate and clear regulatory oversight. We welcome the discussion that the review of the SEA has established and appreciate the opportunity to provide input regarding industry activities. We will review the draft SEA upon its release and offer any additional input to the process if it is helpful at that time.