

25 September, 2013

### **Comments on the Draft Western Newfoundland & Labrador Offshore Area Strategic Environmental Assessment Update**

I am writing on behalf of The Maritimes Energy Association, which is a not for profit industry association representing businesses that provide goods and services to the energy industry in eastern Canada – offshore & onshore, renewable & non-renewable. Our member companies employ thousands of people and inject tens of millions of dollars into the economy of our region each year. Our association was founded more than 30 years ago by businesses looking to maximize local benefits in what was then an emerging offshore industry and have decades of knowledge in what is now a sustainable industry.

After a thorough review of the Draft Strategic Environmental Assessment Update for the area offshore Western Newfoundland & Labrador, The Maritimes Energy Association maintains its support for exploration activities in this region. The assessment represents a comprehensive undertaking which identifies an exhaustive list of Valued Environmental Components (VECs) and mitigation measures needed be put into effect to ensure those components are protected.

It is important to note that this Strategic Environmental Assessment does not replace the project specific environmental assessment which must be conducted as mandated by the *Offshore Accord Acts*. Work authorizations, administered by the C-NLOPB, must also be given before any work can commence. The SEA provides operators with parameters for those site specific EAs which will guide a project's proponent to successfully engage in activities while minimizing any potential effects. Approvals rest with the C-NLOPB which ensures that only firms capable of the responsible development of Newfoundland and Labrador's natural resources are allowed to proceed.

The offshore industry in the region has decades of experience with offshore projects which have provided significant socio-economic benefits to the region while ensuring minimal environmental impact. This can be credited to the culture of safety that is instilled in the operators of these projects and the entire regional supply chain along with a robust regulatory regime under the C-NLOPB.

In June, the government of Canada announced legislative changes that amend offshore regulations for oil and gas exploration and operations, raising the absolute liability for companies operating in the offshore to \$1 billion. This adjustment provides a greater degree of accountability by operators and provides some degree of assurance for other users of the oceans.

The SEA also includes a review of possible onshore oil and gas exploration. While Newfoundland & Labrador's history with hydraulic fracturing is limited, other regions have utilized the process successfully for more than 60 years. As the technology has developed, operators have increased their yields while further decreasing their visual impact on the surrounding area. It is important to differentiate the approval of this SEA from a rubber stamp approval for onshore hydraulic fracturing operations in the region.

Should onshore operations in the province proceed to a point where hydraulic fracturing is to occur, it is expected that appropriate planning will be conducted and that the project will be subject to project-specific regulatory reviews that will ensure the operation can be carried out safely and efficiently.

When considering whether development should be allowed in the region, it is important to take into account the socio-economic benefits the industry provides. Since first development activity began in 1990, the industry has contributed billions of dollars to the regional economy. In the 2011-12 fiscal year offshore royalties alone provided \$2.8 billion to Newfoundland & Labrador's provincial coffers. Not only does the development of the province's oil & gas resources provide direct economic benefits to those involved in the industry, but economic spin-offs enable development in numerous industries across the province. Quite simply, a rising tide lifts all boats.

The Maritimes Energy Association supports the regulatory regime as it is established under the *Canada-Newfoundland Atlantic Accord Implementation (Newfoundland) Act*, including regular reviews of SEAs in order to ensure that the latest information is available to operators, the Board, and the public.

Thank you for the opportunity to comment, and we look forward to future developments.

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