



Canada's Largest Offshore
Industry Association

September 27, 2013

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

(Via email: information@cnlopb.nl.ca)

Dear Ms. Young,

Thank you for the opportunity to comment on the Draft Western Newfoundland and Labrador Offshore Area Strategic Environmental Assessment (SEA) Update Report. Please accept the attached submission on behalf of Noia's Board of Directors and membership.

Please forward this submission to AMEC Environmental and Infrastructure and post on the SEA website as appropriate.

If you wish to discuss this submission or have any questions, please contact me. I can be reached by telephone at 709-758-6616 or by email at rcadigan@noia.ca.

Sincerely,



Robert Cadigan
President and CEO

Attachment: Noia submission on the Draft Western Newfoundland and Labrador Offshore Area Strategic Environmental Assessment (SEA) Update Report



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The Newfoundland and Labrador Oil and Gas Industries Association (Noia) is Canada's largest offshore petroleum association. With more than 600 member companies, our core members provide products and services for the petroleum industry and our associate members represent operators, trade associations, education institutions and government bodies. Our mission is to promote safe and sustainable development of East Coast Canada's hydrocarbon resources and to facilitate our membership's full participation in global oil and gas industries.

With our mission in mind, Noia appreciates the opportunity to comment on the Draft Western Newfoundland and Labrador Offshore Area Strategic Environmental Assessment (SEA) Update Report. We welcome the ongoing efforts to update the SEA for Western NL and took part in the public information session held in Corner Brook on Oct. 2, 2012. We believe that open dialogue and fact-based discussions provide all stakeholders with the opportunity to raise issues and work together to find solutions.

We recognize that the purpose of an SEA is to gather information and identify potential environmental issues that will assist the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in determining whether exploration rights should be offered in whole or in part in an offshore region. SEAs were previously conducted for the Western Newfoundland and Labrador offshore area in 2005 and 2007. SEAs are also supplemented by project-specific environmental assessments that determine the nature and extent of future mitigation measures designed to protect sensitive areas during future exploration activities. All offshore exploration activities, such as seismic survey programs or drilling programs, are subject to environmental assessment by the CNLOPB. No offshore activity proceeds without this level of scrutiny – the SEA and the project-specific environmental assessment – and Noia believes this regulatory oversight has proven to be effective to date.

We believe Canada is leading the way in terms of operating in a safe and responsible manner in all its offshore activities. Our industry continually advocates for the application of best practices and efficient regulations to ensure responsible development of resources.

Sustainable petroleum industry

Newfoundland and Labrador has a long history of resource development, and the oil and gas sector is no exception with more than 45 years of offshore petroleum activity in the province. That activity ramped up in the 1990s with the development of the Hibernia project and continues today with oilfield expansions.

The petroleum sector employs a highly skilled workforce and generates spin-off employment and opportunities in the province. The industry has revitalized the provincial economy; oil production has boosted GDP growth by 60 per cent since oil first flowed in 1997 and oil royalties currently account for about one-third of provincial revenues.



To sustain our economic growth – particularly the economic development of our west coast – it is important that Newfoundland and Labrador’s petroleum industry continues to explore and secure additional hydrocarbon resources for future development. Exploration activity is being diligently pursued by companies working on the province’s west coast, and since 2008 the estimated value of that activity is more than \$100 million. We look forward to seeing these economic expenditures grow with future exploration activity and discoveries.

Our industry believes that the Western Newfoundland and Labrador offshore area has great potential for additional hydrocarbon resource development, and we want to ensure the continued safe, responsible and sustainable development of the province’s resources for the benefit of its people and the communities in which they live.

In Newfoundland and Labrador, the petroleum industry has safely drilled 154 exploration wells on the Grand Banks, Labrador Shelf, Northeast Shelf, Flemish Pass and off the island’s west and south coasts. Ten of those wells have been drilled off the west coast since 1995.

As well, more than 2.4 million kilometres of seismic survey data has been acquired in the waters surrounding Newfoundland and Labrador since the early 1960s. Of this, nearly 15,000 kilometres of survey data has been acquired off the province’s west coast between 1969 and 2010.

Throughout all of this activity, the province’s petroleum industry has worked diligently to safeguard its workforce and the environment, and we believe this will continue in the Western Newfoundland and Labrador offshore area.

Co-existing offshore industries

The fishing and petroleum industries co-exist in the waters off Newfoundland and Labrador, particularly on the Grand Banks where petroleum production comes from three oilfields and the ongoing expansions to those offshore fields.

Seismic surveys conducted under the jurisdiction of the C-NLOPB follow best practices and fish harvesters are notified of future survey activity in fishing zones. This includes having a fisheries liaison officer on board seismic vessels to communicate directly with fish harvesters and assist in avoiding disruptions to fishing activity. During recent data-acquisition programs off Newfoundland and Labrador, seismic companies, fish harvesters and their representatives have worked together to map out fishing and surveying activities – ensuring both industries achieve their objectives without conflict.

One Ocean also plays a role in ensuring the fishing and petroleum industries continue to co-exist in our marine environment. Created in 2002, One Ocean’s mission is to be a medium for promoting co-operation and the exchange of operational information between the two offshore sectors.

One Ocean is a liaison organization for both the province’s offshore fishing and petroleum sectors, and has a mandate to facilitate co-operation and communication between the two sectors – enabling each industry to understand the other’s operational activities. To that end, One Ocean has established protocols for: joint-industry consultation; effective



communication between offshore fishing vessels and petroleum production installations, drill rigs, supply vessels and specialized vessels; and communications protocols for seismic survey programs carried out in the Newfoundland and Labrador offshore area.

Our industry works very hard to ensure minimal impact on the environment and on other ocean users, such as the fishing industry. The province's fishing and petroleum industries have been co-operating successfully for many years, and we believe that we can continue a similar co-operative relationship with fishing stakeholders in the Gulf of St. Lawrence.

Careful regulatory oversight

For more than 45 years, petroleum activity in Offshore Newfoundland and Labrador has taken place under the careful oversight of Canada's regulatory regime, which is modelled on countries such as Norway. Our robust regime has evolved over the years through regulatory review and technological progress.

All companies seeking to drill an offshore well must file detailed applications with the C-NLOPB, the lead regulatory authority which co-ordinates assessments of all offshore activity with other agencies and departments. Applications to conduct offshore activities must outline a Safety Plan, Environmental Response Plan and a Contingency Plan that includes an Oil Spill Response Plan. These documents are thoroughly reviewed by the offshore petroleum board, which has the authority to require that companies conduct environmental studies and baseline-data collection prior to carrying out offshore activity.

Companies must also demonstrate that they have the financial resources to respond to a spill and provide compensation, that their personnel are trained and qualified for the work at hand, and that all equipment to be used in drilling activity meets Canadian standards and is certified as fit for purpose. As well, companies operating in the Newfoundland and Labrador offshore area regularly assess their plans and practices to improve environmental, health and safety performance, and spill prevention and response.

In 2010, the C-NLOPB enhanced its regulatory oversight of drilling in deep water, which the offshore petroleum board defines as water depths greater than 500 metres. Among the additional oversight measures: more frequent audits and inspections by C-NLOPB safety officers; C-NLOPB observers for cementing programs; and the presence of C-NLOPB observers for blowout preventer testing and well control drills.

Since then, the industry has also adopted many of the new measures as their own best practices. These additional oversight measures were in response to early lessons learned following the Macondo well blowout in the U.S. Gulf of Mexico. We believe this is just one example that demonstrates the commitment to safety and the environment by both the offshore petroleum board and the province's oil and gas industry. Noia believes the C-NLOPB has the expertise to ensure that exploration activities under its jurisdiction continue to be conducted safely and responsibly.



Conclusion

Our industry has a strong, positive track record of safe offshore operations, protection of the environment, and good communications between industry and other marine stakeholders. Noia believes this positive track record will continue and evolve with oil and gas exploration activities in the Gulf of St. Lawrence. Noia believes the petroleum industry will continue to operate in a safe and environmentally responsible manner on the province's west coast – just as it has since exploration began in 1964 with the first seismic surveys of the waters surrounding Newfoundland and Labrador and since 1997 when oil production started on the Grand Banks. We appreciate this opportunity for input.