

CLEAN OCEAN ACTION COMMITTEE

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Date: May 2, 2016

To: Mr. Keith MacLeod, Chairman of the Board
Canada Nova Scotia Offshore Petroleum Board
1791 Barrington Street, Halifax
Nova Scotia, Canada B3J 3K9

Re: Your recent letter to the Honourable Don Downe

Dear Mr. MacLeod,

I am in receipt of your letter dated April 12, 2016, copied to me and directed to Don Downe, Mayor, Municipality of the District of Lunenburg. I appreciate the opportunity to respond to a number of your assertions.

The Canada Nova Scotia Offshore Petroleum Board (CNSOPB) is imbued by its mandate with, "The protection of the environment during offshore petroleum activities." This is a massive responsibility, particularly on the Scotian Shelf where the fishery plays such a critically important role in the overall Provincial GDP and in the economic survival of scores of our coastal communities.

To put the fisheries role in the Nova Scotia GDP in context, the total export value of Nova Scotia's fish products reached 1.68 billion dollars in 2015. This a 33% increase from 2014. Nova Scotia leads all provinces and territories in fish exports. Nova Scotia's seafood value, lead by activity on the Scotian Shelf and Georges Bank, is nearing the "Ivany Report" goal of doubling in value within a decade. Lobster reigns as the most valuable species overall generating more than \$891 million. Nova Scotia's fishery leads all other economic sectors in growth and is second only to rubber goods (Michelin Tire) in total export value. Our multi-species Scotian Shelf fishery is the richest in North America. This, however, is only a portion of the story.

There are very few economic engines that actually deposit the dollars they generate directly into our rural coastal communities, rather than urban centers. The Scotian Shelf fishery is one exception. Lobster catches in 2016 will, in all probability, reach a landed value of \$600 million. The vast majority of these landings come from lobster fishing areas (LFA) 33 and 34 on Nova Scotia's South and South Western Shores. Every dollar of landed value, using a conservative economic multiplier, generates four additional dollars in economic activity. You do not have to look far to see this reality. Recent news stories have highlighted that Nova Scotia boat builders, who are all also based in our rural coastal communities, have a two year waiting period for new vessels, that car and truck sales are at an all time high, and new construction is booming.

Clean Ocean Action Committee Member Organizations

Lobstermen's Association, Area 33 • Lobstermen's Association, Area 34 • Shelburne County Quota Group
Scotia Fundy Inshore Fisherman's Association • Nova Scotia Fish Packers Association • Cold Water Lobster Association
Maritime Fisherman's Union, Local 9 • Maritime Fisherman's Union, Local 6 • Maritime Fisherman's Union, Local 4

At \$600 million in landed value, the loss of the lobster fishery alone, even for a single season, represents a drop in overall economic activity of \$3 billion dollars for our province. This would be an absolute catastrophe for the economy, not just for the communities on our South and South Western Shores, but for all of Nova Scotia. Our fishery demands the absolute maximum protection as oil and gas resources are developed on the Scotian Shelf. COAC alone represents over 9,000 fishing captains, crew members, fish plant owners and fish plant workers and this is only a portion of the employment that the fishery provides.

COAC has identified a number of substantial issues that relate to the CNSOPB mandate and CNSOPB's actions. The most pressing issue is CNSOPB's attempt to lease sites 3 and 4 (as depicted in your 2015 lease site map). The extreme importance of this issue is driving our efforts to speak with the Municipal and Town Councils on the South and South Western Shores. Our effort is two fold. First to inform each council about the CNSOPB's efforts to lease sites 3 and 4 and second to solicit each council's support in our effort to have these sites permanently removed from any future CNSOPB lease site auctions.

Lease sites 3 and 4 sit within the massive tidal flow of the Bay of Fundy, and are either on or directly contingent to all of our most important commercial species, including the critical spawning ground (LFA 40) which populates LFA areas 33 and 44 with lobster, and also contains important scallop nursery grounds. This information is clearly outlined in COAC's report to Municipal Counsellors dated February 2016. We believe, that given the value of fishery to the province as a whole and given the near absolute dependence of our coastal communities on the fishery as an economic generator, that maintaining the area of the ocean described by sites 3 and 4 as an oil and gas free buffer zone is a reasonable, cost free, insurance policy which helps to protect these most valuable fishing, spawning and nursery grounds.

There are three main attributes required to create and maintain a fully sustainable fishery. The first and most obvious is to limit catch rates to levels which allow the continuous regeneration of stocks, the second is to identify and protect important spawning grounds and the third is to identify and protect important nursery grounds. Success in all three of these endeavours is imperative. All of these efforts require the development of, and adherence to, strict, meaningful regulation. Each of these three elements will be put at unnecessary risk if oil and gas exploration is allowed on lease sites 3 and 4.

Excluding oil and gas development in areas 3 and 4 does not provide a complete protection for our fishery against oil spills. It simply provides a reasonable balance between the requirements of our fully sustainable fishery resources, and the development demands of the finite oil and gas industry on the Shelf. COAC does not now, and never has, called for the exclusion of oil and gas resource development on the Scotian Shelf. We understand that Nova Scotia has to utilize all available resources, however we recognize that while the entire province would greatly benefit from offshore oil and gas development, it the Scotian Shelf fishing industry and communities it supports that are being asked to shoulder 100% of the risk. For this reason, we demand that our concerns be appropriately addressed.

COAC believes that the CNSOPB, in offering to lease sites 3 and 4 for oil and gas exploration, has taken an action that completely contradicts its stated mandate to protect the offshore environment. The claim of "Protecting the Environment" and the action of leasing sites 3 and 4 are mutually exclusive.

In addition to the issues of lease sites 3 and 4, your letter states, "The CNSOPB firmly endorses a robust environmental protection framework." COAC does not see evidence of robust protection in the regulatory framework under which Shell Canada is now operating, as evidenced by the following points.

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CNSOPB's Acceptance of Shell Canada's Environmental Impact Statement (EIS)

- Misleading and inaccurate wind data (outlined in COAC's Chronicle Herald Op-Ed, September 4, 2015)
- Misleading and inaccurate information on the use of chemical dispersants (see also COAC's Chronicle Herald Op-Ed, October 23, 2015)
 - The EIS does not include any relevant scientific references on the impacts of dispersant-laced oil in an ocean environment post 2010, which excludes all of the data generated in response to the Deep Water Horizon blowout.
- No evidence that CNSOPB has acted upon new data released since approval of the EIS, such as:
 - **"Royal Society of Canada Report"** (2016) which states that substantial amounts of additional research must be completed in order to understand the impact of dispersant-laced oil on important commercial species including lobster
 - Subsequent statements by **Dr. Peter Hodson** (ecotoxicologist and Professor, School of Environmental Studies at Queen's University) which more precisely describes the specific scientific research that is still required

The CNSOPB regulatory framework for Shell Canada on the Scotian Shelf

- Lack of a nearby capping stack as a safety precaution
- Lack of any requirement that Shell Canada have in place a capacity to actually clean up and remove from the ocean any large offshore oil spill
- The fact that Shell Canada bases its spill clean up process on the use of the dispersant, "Corexit". It is well known that dispersants do not clean up any spilled oil. They simply massively increase the toxic impact of the spilled oil, emulsify it and drive it from the surface and down into the water column.

CNSOPB's acceptance of the Shell Canada Net Environmental Benefit Analysis (NEBA) proposal

- DFO scientists had insufficient time to assess the proposal, which they state did not allow for, "a thorough review of the NEBA document, the associated supplemental material, or other applicable references" (DFO. 2015/109).
- The fact that the Shell Canada NEBA is now in use without evidence that the concerns that DFO did raise have been addressed

These points demonstrate why COAC believes that despite CNSOPB's mandate of "Environmental Protection," our Scotian Shelf fisheries are being put at unnecessary and unacceptable risk. COAC intends to continue its efforts to close sites 3 and 4 to oil and gas exploration, and to achieve a true, functional and fair balance between the needs of our fully sustainable fisheries resources and the demands of the development of finite oil and gas resources on the Scotian Shelf.

Again, thank you for the opportunity to respond to your letter.

Most Sincerely,

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