



Environmental Assessment in the
Newfoundland and Labrador Offshore Context

Presentation to the CEEA Expert Panel

October 5 2016

Presentation Overview

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About Noia

- The Newfoundland and Labrador Oil & Gas Industries Association, founded in 1977.
- Noia is the largest offshore oil & gas association in Canada – approximately 600 member companies in Canada and globally.
- Noia members are small and medium sized businesses, as well as large contractors and operators, trade associations and government bodies and agencies.
- Noia members support the life cycle of the oil & gas industry from exploration through development, production operations and decommissioning.

NL's Offshore Oil & Gas Industry

- Cumulative investment of over \$45 billion since 1975
- Direct employment approximately 9,400
- Over 50 years of exploration without adverse environmental impact – first well drilled in 1966
- 222 exploration and appraisal wells
- Cumulative production over 1.5 billion barrels of oil
- Three producing oil projects: Hibernia, Terra Nova, White Rose
- Hebron to produce first oil in 2017
- Significant contributor to economy of Atlantic Canada and the country as a whole
- Provincial Government revenues – 30% in 2014

Regulatory Context

- The C-NLOPB is responsible for Atlantic Accord Act EAs ensuring the protection of the environment during all phases of activities.
- Prior to CEAA 2012, Exploration Drilling was an Accord Act EA.
- Strategic Environmental Assessments have been conducted by the C-NLOPB with public input appropriate to the area under consideration (individual wells subject to online public input).
- The Offshore Petroleum Boards are responsible for ensuring EAs are conducted for exploration projects and any other offshore oil & gas projects for which an EA is not required pursuant to CEAA 2012.
- Authorization is only granted if the EA demonstrates that significant adverse environmental effects are unlikely in the circumstances.
- Highly regulated environment with comprehensive oversight by the C-NLOPB.

Alignment with Review Objective

- Noia is highly supportive of the Government of Canada's objective for the review to "regain public trust and help get resources to market and introduce new, fair processes."
- The importance of fair and efficient processes to enable the exploration of Canada's offshore oil & gas potential cannot be understated.
- Consistent and efficient regulatory processes are a critical aspect of international competitiveness for exploration investment – particularly in the current market context.

Addressing the Themes

Environmental Assessment in Context: Supporting Investment Certainty

- Need to ensure fair and efficient processes.
- Ensure timelines are reasonable and that processes and requirements do not unnecessarily add cost or impede exploration programs.
- Elimination of duplication can support inward investment and certainty.

Addressing the Themes

Conduct of Environmental Assessments – Who Should be Responsible?

- The C-NLOPB should be the Responsible Authority (RA) under CEAA 2012.
- Since the late 1980s, the C-NLOPB has been responsible, under the Atlantic Accord legislation, for ensuring the protection of the environment during all phases of offshore oil & gas activities.
- Since 2005, offshore exploration activities were subject to a screening level of assessment under the pre-2012 CEAA - assessments conducted by the Board.
- Since 2002, the C-NLOPB has conducted Strategic Environmental Assessments (SEAs) for potentially prospective areas offshore NL. Four current SEAs, one of which is currently being updated, cover most of the NL offshore. SEAs provide for extensive public participation and input and are published on the C-NLOPB website.

Addressing the Themes

Conduct of Environmental Assessments – Who Should be Responsible?

- The Offshore Boards continue to conduct EAs for offshore projects not subject to CEAA 2012 and publish the relevant documents on their websites.
- The C-NLOPB has completed 14 Atlantic Accord EAs, 41 pre-2012 CEAA screenings, and 8 SEAs (including 1 update) since 2002.
- Authorization is only granted to a proposed activity if an EA is complete and demonstrates that significant adverse environmental effects are unlikely in the circumstances. A condition of authorization requires implementation of mitigation measures identified in the EA.
- The C-NLOPB understands the unique aspects of offshore projects and they have the experience and expertise.

Addressing the Themes

Coordination – Addressing Duplication

- The CEAA process for approval of an exploration well is a duplication of the C-NLOPB's requirements under the Atlantic Accord.
- Exploration drilling environmental effects have been studied and are well understood.
- Atlantic Accord EAs are focused for the offshore environment and oil & gas activities.
- Exploration drilling should not be a designated project under CEAA 2012.

Summary

- The C-NLOPB should be designated the Responsible Authority under CEAA 2012.
- The CEAA process for approval of an exploration well is a duplication of the C-NLOPB's requirements under the Atlantic Accord.
- Exploration drilling should not be a designated project under CEAA 2012. The C-NLOPB's process is comprehensive and effective.
- The regulation designating exploration drilling projects is unclear and adding to duplication. Potential for an EA required every year, for every operator that obtains a license.
- The narrow interpretation of Designated Project Regulation (licenses awarded annually – section 10) could result in unnecessary and repetitive EAs covering identical areas.

Concluding Remarks

- Important that the C-NLOPB be given the flexibility to address the CEAA 2012 processes and regulations in light of their continuing SEA and individual well EA processes.
- EA process should have the flexibility to address the scale (multiple wells and licenses), setting and short-term duration of exploration drilling.
- Important to avoid any imbalance between Atlantic Accord EA and CEAA EA processes.
- Current dual processes are fragmented, inefficient and creating uncertainty and undue repetitiveness.
- Potential for EA required every year, for every operator that obtains a license.

Concluding Remarks

- Noia fully supports comprehensive and responsible environmental assessments.
- This requires the EAs be conducted by those with in-depth knowledge and experience as it relates to the offshore environment.
- Noia is aligned with the objective for this review and believes that mandating the C-NLOPB as the Responsible Authority under CEAA 2012 for environmental assessments related to offshore oil & gas-related activity will help realize the review objectives.