



# An Introduction to the C-NLOPB

Botwood, NL - October 24, 2019

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# Presentation Outline

History and Mandate

Role and Key Areas of Authority

Canada-NL Offshore Area

Scheduled Land Tenure System

Exploration Licences and Future  
Land Sales

# History and Mandate

- Created by 1985 via *Atlantic Accord* and enshrined in *Atlantic Accord Implementation Acts*
- For +30 years, served as effective agent of independent, joint management of Canada-NL Offshore Area
- Mandate: Apply provisions of the *Atlantic Accord* and *Implementation Acts* to all activities of operators



# Role and Key Areas of Authority

- Role is to facilitate exploration for, and development of, petroleum resources in Offshore Area
- Five key areas of authority:
  - Worker Health and Safety
  - Environmental Protection
  - Resource Management
  - Canada/NL Benefits
  - Exploration and Licencing
- Worker health and safety, and environmental protection, are paramount



# Key Lines of Business (1/3)

- Verify operators have prudent regime for health and safety/environmental protection
- Verify all statutory requirements are fulfilled before authorizations issued
- Process activity applications for approvals in consistent manner
- Verify operator adherence to plans via audit and compliance verification
- Ensure environmental assessments are completed



# Key Lines of Business (2/3)

- Ensure deviations from approvals are corrected in timely manner
- Conduct investigations following incidents; take enforcement action
- Provide effective administration of Scheduled Land Tenure System
- Oversee exploration activities
- Oversee drilling activity and apply special oversight measures





# Key Lines of Business (3/3)

- Oversee production activities
- Oversee and monitor work of Certifying Authorities
- Maintain inventory of petroleum resources information
- Ensure operators have approved Benefits Plans
- Monitor compliance of operators with Benefits Plan obligations

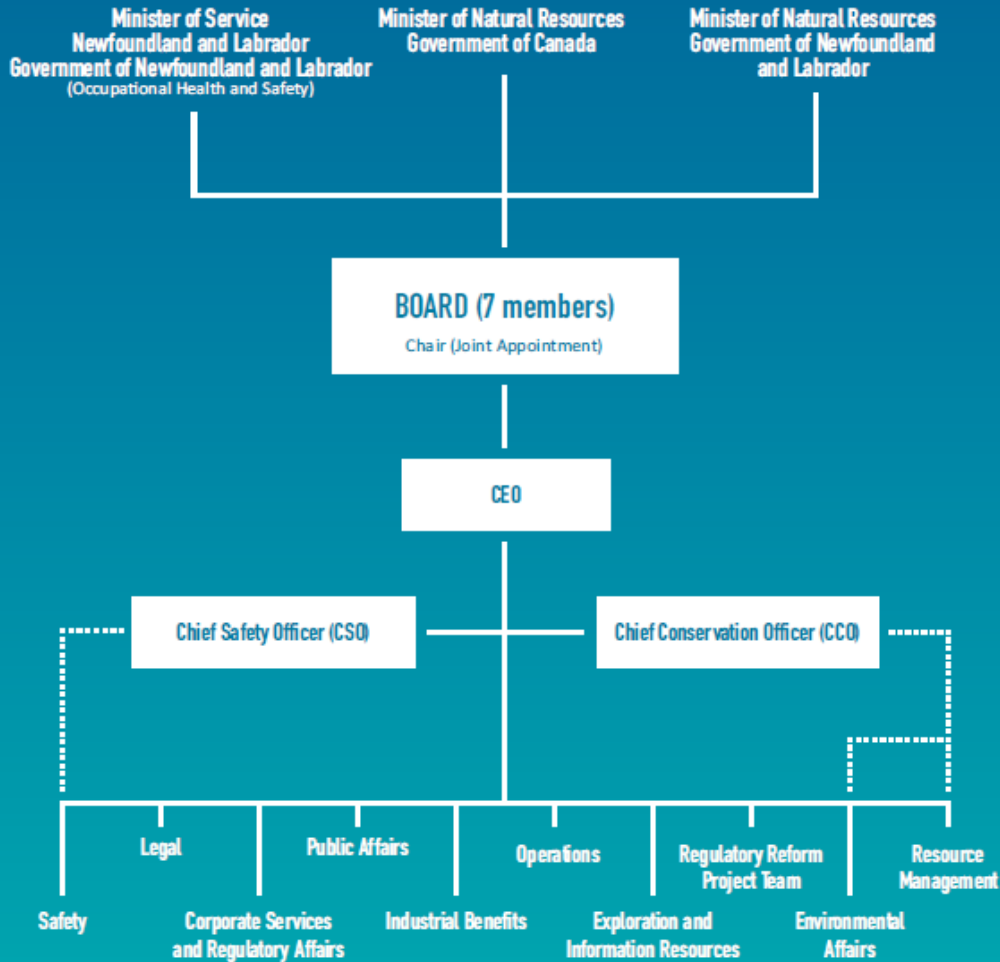


# The C-NLOPB Does Not...

- Guarantee the health and safety of workers or environmental protection
- Manage reservoirs or production
- Guarantee the participation of workers and businesses
- Have any role in the establishment of the fiscal regime (e.g., royalties/taxes) for any offshore activity
- Approve or comment on benefits agreements
- Promote the industry



# Staff, Governance Structure and Budget

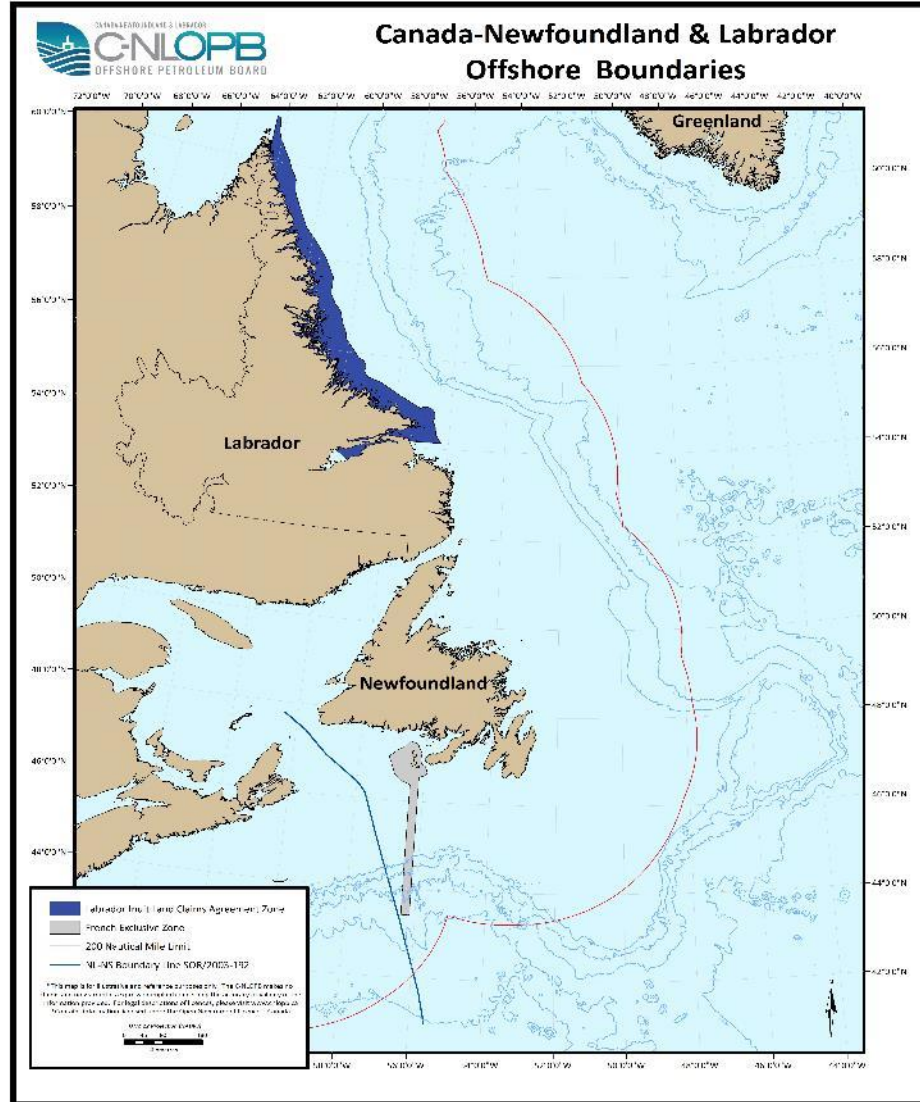


- 95 Full-time staff
- 2019-20 budget: \$22.3 Million
  - Fully cost-recovered from industry



# Canada-NL Offshore Area

- Jurisdiction extends to farther of 200NM or outer edge of Continental Shelf
- Areal extent exceeds 1.8 million km<sup>2</sup>
- By comparison...
  - US Gulf of Mexico – 1.6 million km<sup>2</sup>
  - Norwegian Continental Shelf – 1.5 million km<sup>2</sup>
- Over 20 offshore sedimentary basins
- Proven petroleum systems in several basins



# By the Numbers

- 478 wells spud since 1966, including 172 exploration wells
- ~1.9 billion barrels produced from 4 projects
- Equivalent of 6.6 million line km of seismic data acquired
- 30 Exploration Licences (ELs); 58 Significant Discovery Licences (SDLs); and 12 Production Licences (PLs)
- \$3.3 billion industry expenditure in 2018; \$62.7 billion since 1966
- 6,928 NL/Canadian residents directly employed (Dec 31/18)

## Hibernia



## Terra Nova



## White Rose



## Hebron



# Collaboration with Other Regulators

- Canada chairing International Regulators Forum
- Active in International Offshore Petroleum Environmental Regulators
- Also active with North Sea Offshore Authorities Forum
  - Wells Working Group
  - Health and Safety/Asset Integrity Working Group



**International Regulators' Forum**  
GLOBAL OFFSHORE SAFETY



**International Offshore Petroleum  
Environmental Regulators**

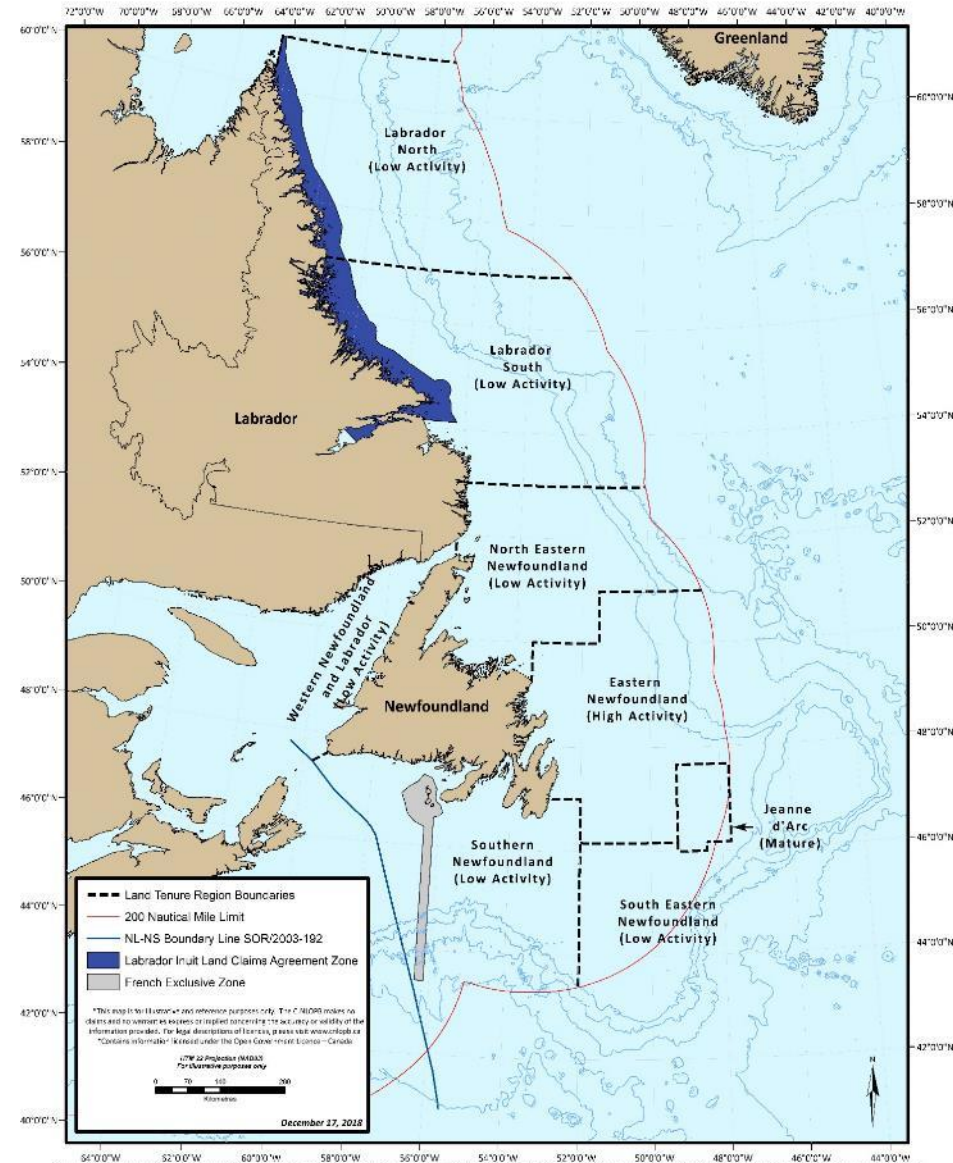


*North Sea Offshore Authorities Forum*



# Scheduled Land Tenure System - Overview

- Current system for awarding of land rights (i.e., licences) introduced in 2013
- System has defined cycles and timeframes intended to:
  - provide predictability and consistency
  - enable better planning and assessment of prospectivity
- 8 Land Tenure Regions
- Each of the 8 regions is designated as one of three types:
  - Mature Region
  - High Activity Region
  - Low Activity Region





# Land Tenure Licencing Cycle

## Mature Region

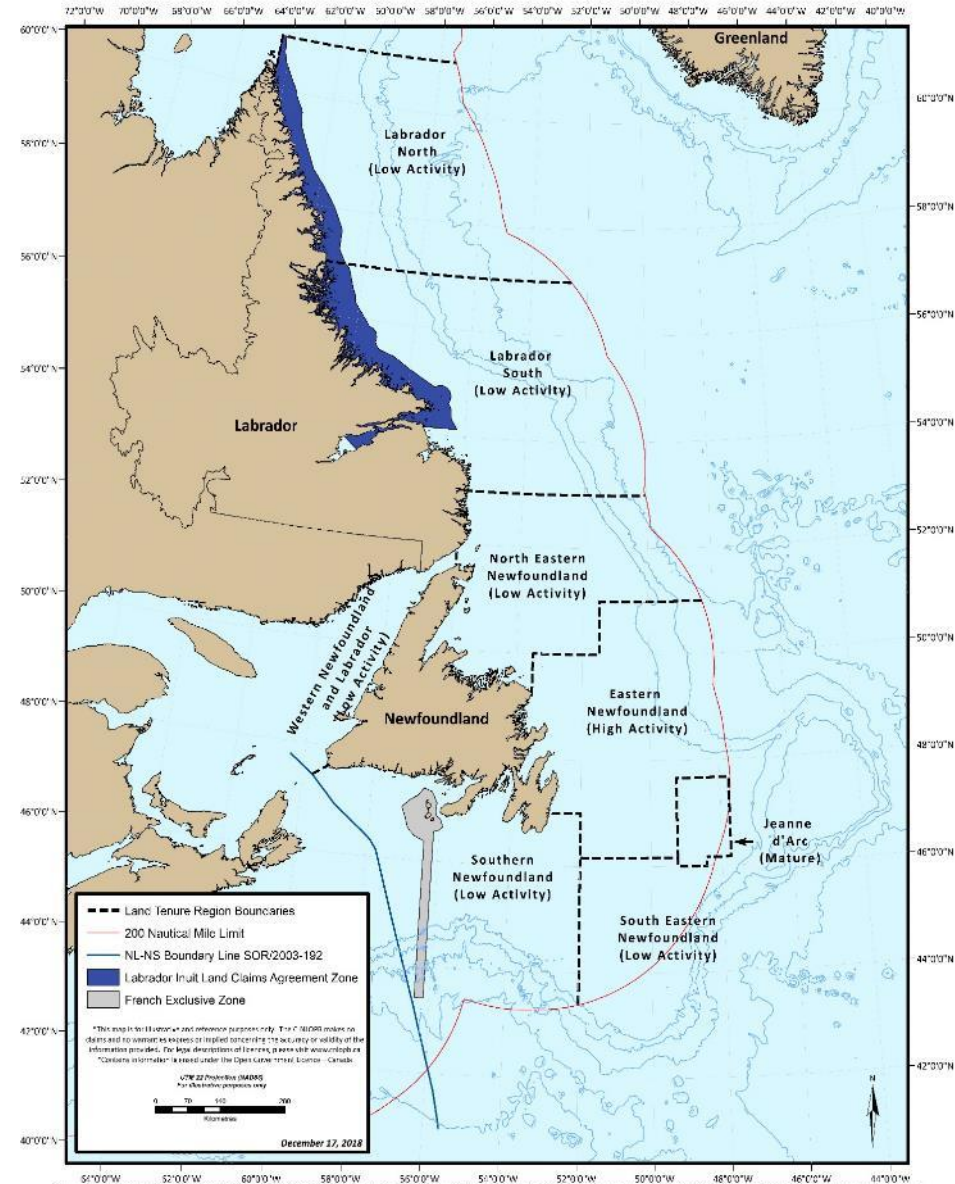
- One Mature region (Jeanne d'Arc)
- Land parcels offered for industry bid annually

## High Activity Region

- One High Activity region (Eastern Newfoundland)
- Land parcels offered for industry bid every two years

## Low Activity Regions

- Six other Land Tenure areas
- Land parcels offered for industry bid every four years
- Call for Bids preceded by Call for Nominations process with industry



# Call for Bids on Land Parcels

- Following Ministerial approval, Call for Bids initiated by C-NLOPB
- Sole criteria is highest dollar bid (amount bidder commits to spend on exploration activity)
- Minimum bid is \$10 million; bidders required to submit 25% deposit
- Successful bidders are announced; identity of unsuccessful bidders kept confidential

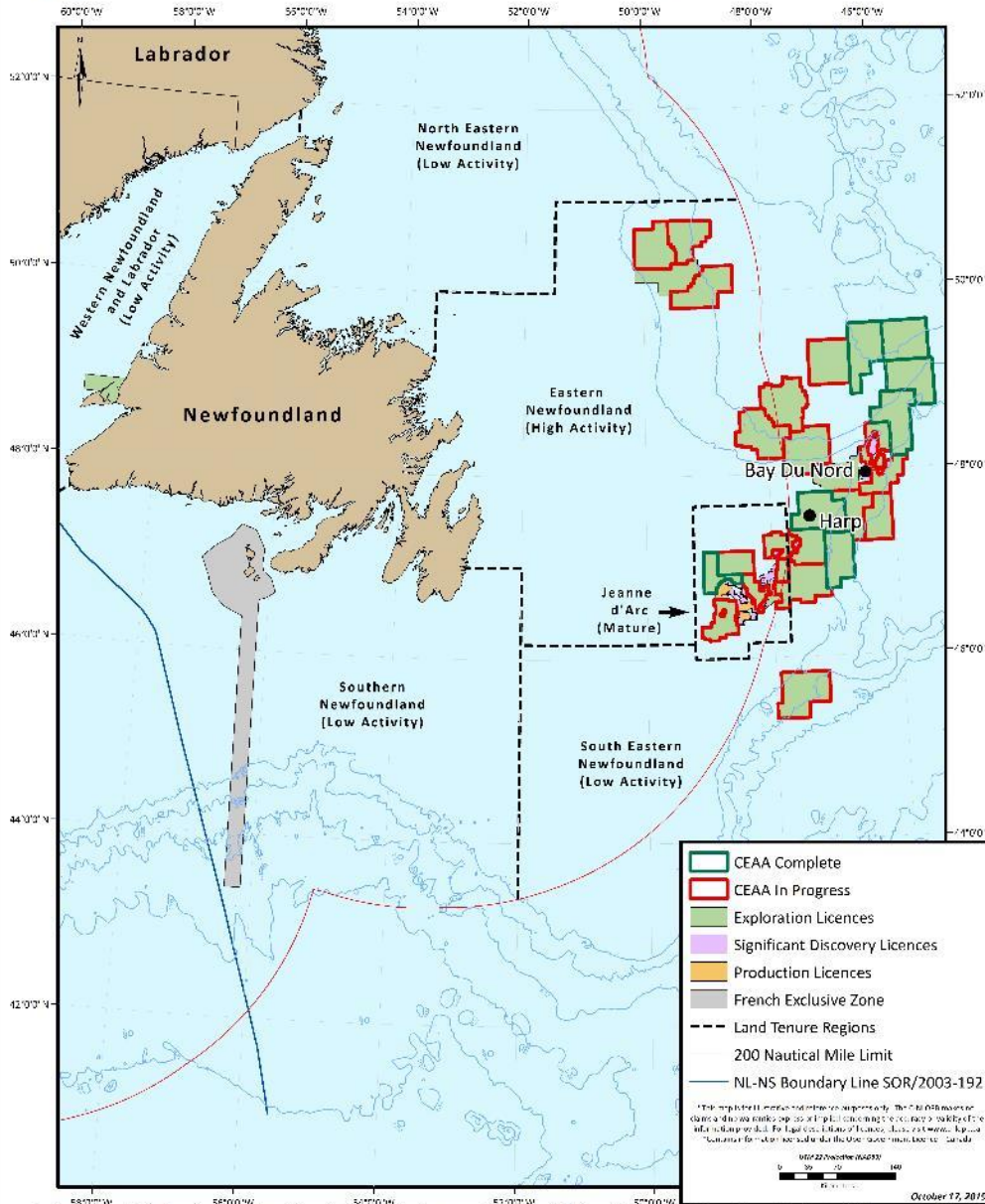


# Exploration Licences

- Exploration Licence (EL) gives owner exclusive right to:
  - drill and test for petroleum;
  - develop licence area to produce petroleum; and
  - obtain a production licence
- Maximum 9-year licence term comprised of Periods I and Period II
  - EL holder required to spud/drill and diligently pursue one exploratory well in Period I
- EL expires after 9 years unless Significant Discovery Application has been made



# Canada-Newfoundland & Labrador Offshore CEAA Information

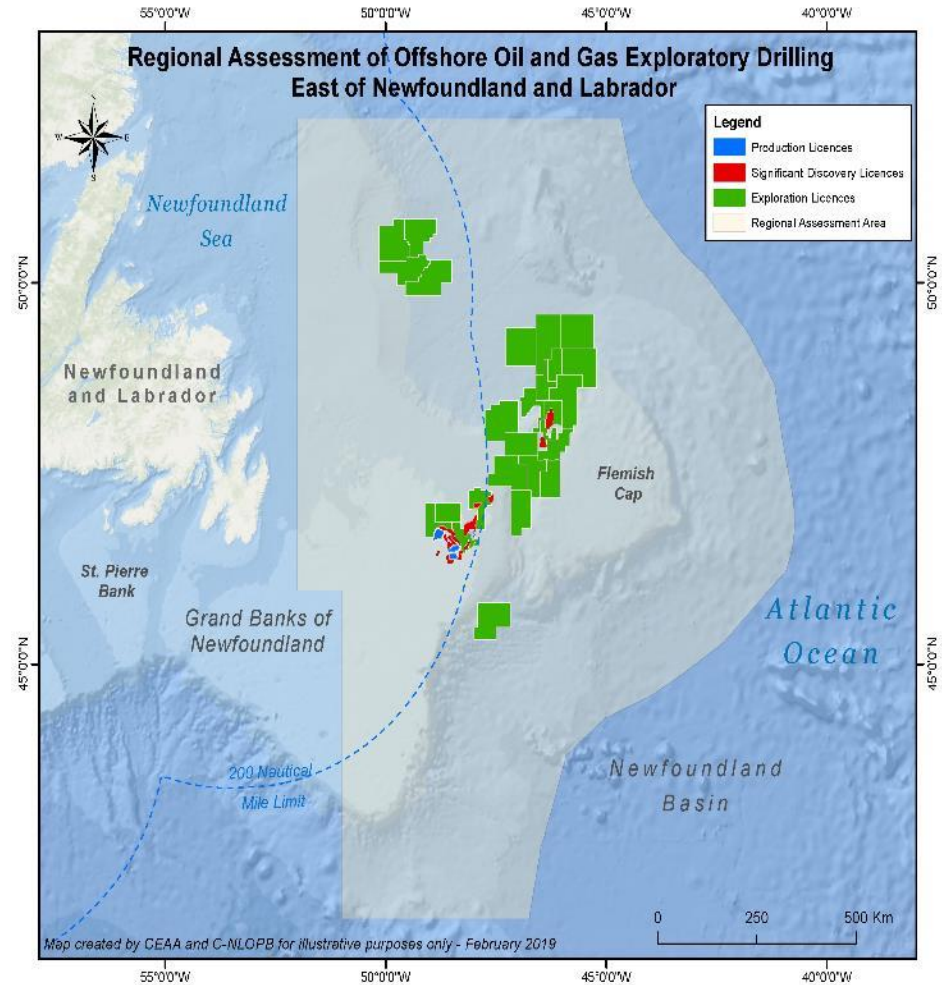


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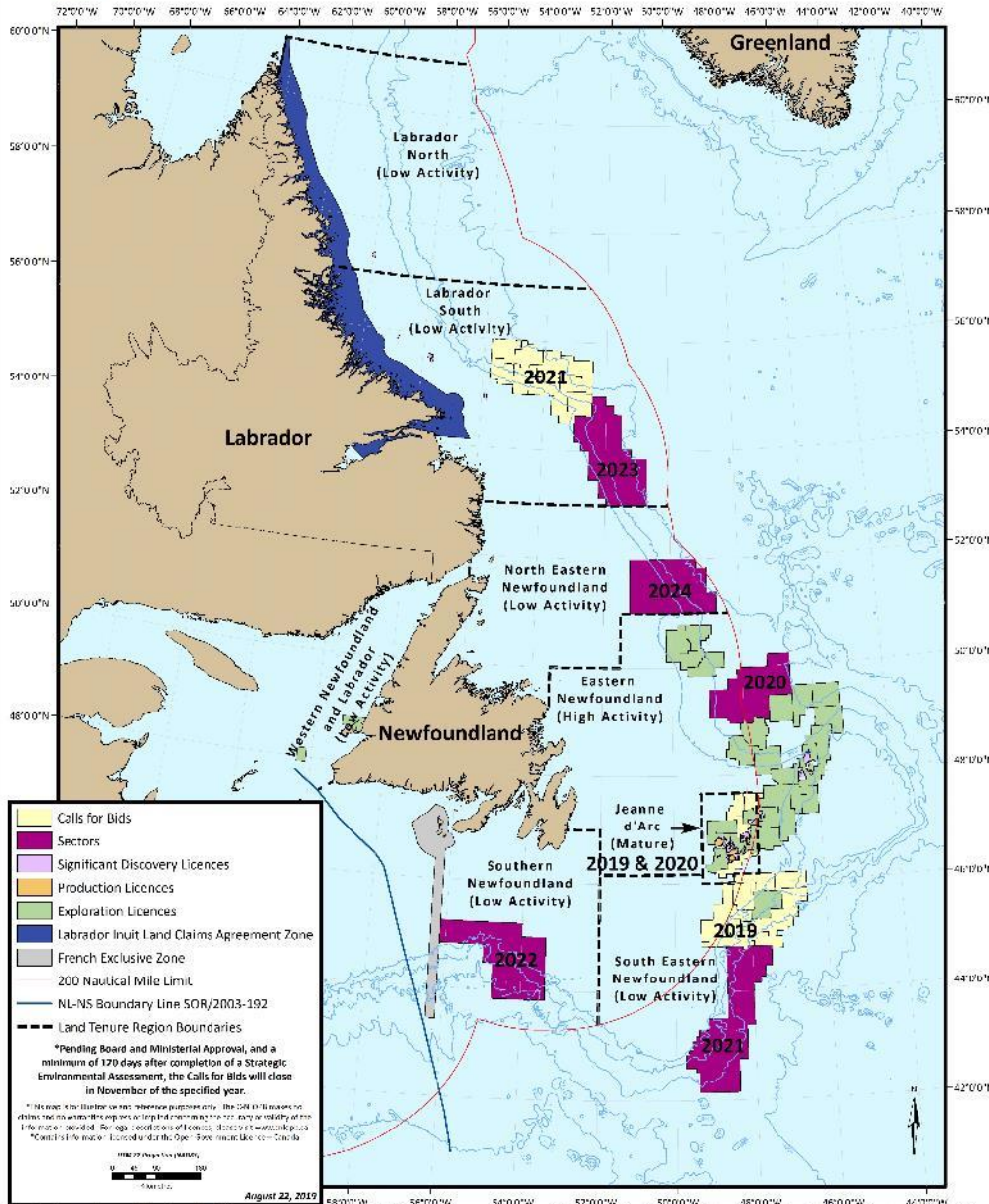
# Regional Assessment of Exploratory Drilling

- Objective is to improve efficiency of EA process
- Joint initiative of federal and NL Governments, and C-NLOPB (co-chair)
- Regional Assessment Regulation planned to exempt exploratory wells from separate project-specific EAs





# Projected Calls for Bids Closing Dates \*





CANADA-NEWFOUNDLAND & LABRADOR

**C-NLOPB**

OFFSHORE PETROLEUM BOARD

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