

Remarks for FFAW Inshore Council Scott Tessier, C-NLOPB, February 17, 2020

- Thank you very much, Keith. I appreciate the invitation and the opportunity to be here today.
- I'm here because, like everyone at the C-NLOPB, I respect the fact that there are two valuable and critically important industries operating on the waters of our offshore.
- At the C-NLOPB, we are committed to doing our part to ensure that the fishing industry and the oil and gas industry can successfully co-exist. The economic future of our province depends on it.
- Along with worker health and safety, ensuring that offshore oil and gas activities are undertaken in an environmentally responsible manner is paramount in our daily work and in all our decisions.
- In my brief talk today, I will:
 - provide a brief overview of the C-NLOPB;
 - review key actions arising from the spills in our Offshore Area;
 - tell you a bit about our collaborative efforts with DFO with respect to the marine conservation agenda;
 - touch on the ongoing Regional Assessment of Exploratory Drilling in Eastern Newfoundland;
 - show the location of current Exploration Licences and likely location of future exploratory drilling; and
 - provide an outline of our go-forward engagement plan with the FFAW, which Keith and I have agreed on.
- I would be pleased to take any questions as we go or after my presentation.
- For 35 years, the C-NLOPB has served as an effective agent of independent, joint management of our Offshore Area.
- Our role is to provide regulatory oversight to the exploration for, and development of, petroleum resources in the Offshore Area in a manner consistent with our mandate in five key areas of authority:
 - health and safety of workers;

- environmental protection;
 - resource management;
 - Canada/Newfoundland and Labrador benefits; and
 - exploration and licencing.
- Our mandate is to interpret and apply the provisions of the *Atlantic Accord* regime to the oversight of operator activities in our offshore. The relevant legislative and regulatory instruments are the responsibilities of the federal and provincial governments.
 - As you can see from this map, our regulatory jurisdiction extends to the farther of 200 nautical miles or the outer edge of the Continental Shelf. The Offshore Area, as defined in the Accord Acts, covers some 185 million hectares.
 - There are over 20 sedimentary basins with proven petroleum systems in several basins. There is, by all accounts, significant remaining potential out there.
 - From a statistical perspective:
 - there have been 478 wells spud in the Offshore Area since 1966, including 172 exploration wells;
 - Just under 1.9 billion barrels of oil have been produced from four producing projects;
 - The equivalent of 6.6 million line kilometres of seismic data has been acquired; and
 - During the 2018 calendar year, operators reported expenditures of \$3.3 billion related to work in the Offshore Area. Since 1966, cumulative expenditures total \$62.7 billion.
 - That's the good news.
 - As you are well aware, four significant unauthorized spills occurred in our Offshore Area between April 2018 and August 2019. This record of poor industry performance is unacceptable, and better industry performance is required.
 - I know that for you, these spills are particularly concerning.

- I can assure you we are leaving no stone unturned in an effort to ensure better industry performance going forward. This is especially important given the anticipated increase in offshore exploration activity that is anticipated to occur in the near term.
- In early December, we hosted a very productive first annual Spill Prevention and Response Forum. The Forum provided an opportunity for regulators, governments and the fishing industry to undertake a collective review of lessons learned from recent spills.
- Our intention is to make this an annual event, to ensure we capture lessons learned and best practices, and ensure they are implemented leading to continuous improvements in spill prevention and response.
- The Canadian Association of Petroleum Producers (CAPP) and industry operators are fully cooperating with our requirement for industry to develop, as a top priority, a plan of action to effect basin-wide improvements in environmental and safety performance. CAPP is expected to publicly release its industry improvement plan later this week.
- While I'm confident of the current robust nature of our regulatory process associated with spill prevention, there's always room to improve.
- In the aftermath of the severe November 2018 storm, we worked with operators to identify and share lessons learned and opportunities for improvements, which were also shared this past June with our regulatory counterparts at a meeting of the International Regulators Forum.
- Operators now have a clearer, much more robust set of adverse weather protocols that provide better mitigating measures to reduce and manage risks...leading up to, during, and after severe storms.
- We are continuing efforts to support governments and prepare for regulatory modernization in the form of increased performance-based regulation. This will enable more innovation in the industry, including in the areas of spill prevention and response and has much potential to enhance safety, environmental protection and technology adoption.

- We are also strengthening our own, risk-based approach to audits and inspections to ensure a more thorough and efficient approach that makes the best use of our available resources across relevant departments, and ensure that we are targeting risks to the highest degree possible.
- The C-NLOPB is continuing its formal, independent investigations into the four significant spills since April 2018, along with investigations into two serious injuries that occurred offshore in September and December 2019. Decisions on enforcement actions will follow completion of these investigations.
- We have hired new personnel in the areas of risk assessment, safety and environment, with the much-appreciated and necessary support of governments.
- We are continuing to refine the roles of our Chief Safety Officer and Chief Conservation Officer, with a view to focusing them more on offshore risks and reducing their day-to-day office tasks.
- We are seeking enhancements in performance through innovation. This includes working on the use of new digital technology to enhance incident reporting, tracking and follow up, with potential for better proactive identification of risk factors and trends.
- We continue to work collaboratively with and learn from other regulators, both in Canada and internationally. We are active in the International Regulators Forum, which Canada (and more specifically the C-NLOPB) now chairs, the International Offshore Petroleum Environmental Regulators, and the North Sea Offshore Authorities Forum, all of whom share a focus on driving improvements to safety or environmental performance in the global offshore petroleum exploration and production industry.
- We work closely with the Governments of Canada and Newfoundland and Labrador as we deliver on our regulatory mandate. We recognize that our role as the lead regulator for offshore oil and gas activities dovetails with issues managed by DFO and federal government marine conservation initiatives.
- Given this reality, the C-NLOPB and DFO have regular and frequent engagement to ensure the objectives of our respective organizations are achieved, and conflicts are avoided. We are also working with DFO to optimize

the sharing of operational information related to the Board's land tenure system and the federal marine conservation agenda.

- We support the Government of Canada's commitment to marine conservation. In this regard, the C-NLOPB is working collaboratively with DFO in support of a science and evidence-based approach, with protection measures that are commensurate with conservation objectives.
- As you may know, in October 2017 the Government of Canada launched a National Advisory Panel on Marine Protected Area Standards. The Panel consulted widely and delivered its final report in September 2018.
- The Government of Canada issued its policy response in April 2019, and this is the policy direction under which the C-NLOPB now operates.
- In its policy response, the government refined its approach to marine conservation, including by establishing standards for the areas that it designates to protect sensitive and important parts of Canada's oceans.
- This new approach provides clarity regarding industrial activities that can occur in various protected areas. In particular, it established higher protection standards for Marine Protected Areas versus other effective conservation measures such as marine refuges.
- Specifically, oil and gas exploration and exploitation are now prohibited in new Marine Protected Areas.
- However, for marine refuges and similar areas, the policy sets out that industrial activities such as oil and gas exploration can continue provided that the Minister of Fisheries and Oceans is satisfied that risks to conservation objectives of the areas have been effectively avoided or mitigated.
- Proposed oil and gas activities will continue to be scrutinized through regional, environmental, or impact assessments, and will be subject to the provisions of the *Fisheries Act* for protection of fish and fish habitat. It is expected these review processes will provide effective means to thoroughly assess, avoid and mitigate any impacts based on the best available science.

- Our staff participate in DFO-led governance structures for oceans management, are providing input to new DFO-led marine spatial planning initiatives, and are engaging in DFO-led scientific meetings related to the “Statement of Canadian Practice with Respect to the Mitigation of Seismic Sound in the Marine Environment”.
- There’s a comprehensive environmental assessment and activity review process before seismic activities are authorized in our Offshore Area. As part of the EA process, consultations occur with Government subject matter experts and the fishing industry.
- The C-NLOPB relies on DFO subject matter experts for advice regarding seismic effects.
- Operators adhere to both the:
 - *Statement of Canadian Practice with respect to the Mitigation of Seismic Sound in the Marine Environment*; and
 - *The One Ocean Protocol for Seismic Survey Programs in Newfoundland and Labrador*
- The Environmental Studies Research Fund (ESRF) has provided funding for research by Dr. Corey Morris of DFO on potential seismic impacts on Crab (study results were recently published); and on Groundfish (multi-year research project commenced in 2018).
- This map provides a pretty good indication of where exploratory drilling will likely occur in the next 3-4 years.
- All of the blocks you see on the map represent Exploration Licences that have been awarded to operators via the C-NLOPB’s Call for Bids process in recent years.
- Those Exploration Licences with green line boundaries have recently received federal environmental assessment approval, while those with red shading are still going through the environmental assessment process.
- It’s important to note that exploration wells will likely not be drilled on all of these Exploration Licences. Historically, at least one exploration well has been drilled on 78% of Exploration Licences which the C-NLOPB has awarded.

- Operators will make decisions on the location, timing and number of exploration wells as part of their overall exploration plan for various areas in which they operate.
- One exploration well is currently being drilled in our Offshore Area. ExxonMobil Canada spud the Harp L-42 exploration well on September 11, and the location is noted on the map.
- The map also shows the proposed location of Equinor's proposed Bay du Nord project, which is the next potential major development project in our Offshore Area.
- The current environmental assessment process for exploratory drilling requires each company which has been awarded Exploration Licences to go through a lengthy environmental assessment process. At present, seven separate environmental assessments of exploratory drilling are ongoing in our Offshore Area. The proposed Bay du Nord Development project is also currently making its way through the EA process.
- In 2013, the C-NLOPB implemented a Scheduled Land Tenure System. The System provides transparency, predictability and consistency to the way lands are made available to industry for exploration, and then potentially, development.
- Under the System, Industry and stakeholders know well in advance where and when to expect Calls for Bids, and it enables better planning and assessment of prospectivity prior to industry bidding on available land parcels.
- While no final decisions have been taken, we expect the 2020 Call for Bids plan to focus on the Eastern Newfoundland land tenure region, which you can see on this map.
- The federal and NL Ministers of Natural Resources are expected to approve the 2020 Call for Bids plan by late March. I have committed to Keith that we will brief the FFAW in advance of announcing the 2020 Call for Bids.
- In an effort to improve the efficiency of the environmental assessment process, while maintaining high standards for environmental protection, the

federal and Newfoundland and Labrador Governments, and the C-NLOPB, are working on a Regional Assessment of Exploratory Drilling in Eastern Newfoundland.

- The area referenced with the solid blue line on this map shows the geographic area which is in scope for this Regional Assessment.
- The Committee which has been tasked with completing the Regional Assessment, co-chaired by Wes Foote from our Board, is currently consulting the public and stakeholder groups on its draft Report and Recommendations.
- When this Regional Assessment is complete, the federal government has indicated it plans to make a Regulation that would exempt future exploratory wells from requiring separate environmental assessments if they're in the area covered by the Regional Assessment, and the proponent commits to complying with the conditions in the Regulation.
- The starting point for the conditions a proponent must comply with are those 100+ conditions which were in recently released Decision Statements for exploration drilling, supplemented by any additional conditions arising from the Regional Assessment.
- In my final slide, I'm going to provide an overview of the engagement plan which Keith and I have agreed on for 2020.
- First of all, we have agreed to meet every two months – to ensure the priority issues we have agreed on continue to be advanced.
- We are planning a next engagement session for around late March. The agenda items, which are noted on the slide, will include:
 - An overview by the C-NLOPB of the 2020 Call for Bids plan along with other land tenure activities. Later this month, our Board will approve the 2020 Call for Bids plan, which is then subject to approval by the federal and NL Ministers of Natural Resources (known as Fundamental Decisions).
 - We will be asking CAPP to provide an oil and gas activity overview for 2020 (along with a representative from seismic operators).
 - The FFAW (and DFO) will provide an overview of the year-ahead for the fishery.

- The C-NLOPB will make a presentation on the facts around exclusion zones, along with a presentation on recent/ongoing/planned R&D projects of relevance to the fishing sector (primarily focused on the impact of seismic on various fish species).
- Finally, we will further discuss plans for a mid-year workshop on key issues. At the workshop, we are looking into the potential of having presentations from Norwegian representatives regarding the offshore Norway experience of fishery and oil and gas interaction.
- Other initiatives of priority on our shared agenda include:
 - Continuing to advance important matters at the One Ocean table;
 - Ensuring FFAW participation in an Operator's emergency response tabletop exercise; and
 - Ensuring the FFAW has greater clarity regarding Operators' Fisheries Compensation Programs.
- In closing, I want to repeat the message which I started with. The C-NLOPB fully recognizes the fact there are two valuable and critically important industries operating in our one ocean.
- We are committed to doing our part to ensure that the fishing industry and the oil and gas industry can successfully co-exist.

Thank you for the opportunity to speak here today. I would be glad to take a