

MEMBER COUNTRY PROFILE - CANADA

Country: Canada

Organisations: Canada-Newfoundland & Labrador Offshore Petroleum Board (C-NLOPB)

Canada-Nova Scotia Offshore Petroleum Board (CNSOPB)

National Energy Board (NEB)

Regime Scope: The CNSOPB and the C-NLOPB are responsible for the regulation of petroleum activities in the Canada-Nova Scotia Offshore Area and the Canada-Newfoundland and Labrador Offshore Area, respectively.

The NEB is responsible for the regulation of petroleum exploration and development activities in the onshore part of the Inuvialuit Settlement Region in the Northwest Territories, the Norman Wells Proven Area, Nunuvut, Sable Island (jointly with the CNSOPB), and submarine areas (not within a province) in the internal waters of Canada or the continental shelf of Canada (excluding those offshore areas under the sole jurisdiction of the CNSOPB or the C-NLOPB).

The Boards' principal responsibilities include: worker health and safety (NEB has delegated authorities from the Federal Labour Program for worker health and safety under the Canada Labour Code); environmental protection; issuance of exploration and production licenses (CNSOPB and C-NLOPB only); conservation of petroleum resources; geoscience data management & distribution; and industrial benefits (CNSOPB and C-NLOPB only).

Administering Agency /Arrangements:

The CNSOPB and C-NLOPB are independent, arm's length entities established under federal and provincial statutes; accountable to federal Parliament and provincial legislatures through the respective Ministers of Energy/Natural Resources, and Ministers Responsible for Worker Health and Safety.

The NEB is an independent, federal regulatory tribunal reporting to the Parliament of Canada through the Minister of Natural Resources.

Legislation Type: CNSOPB and C-NLOPB: Mirrored Federal and Provincial Acts and Regulations

NEB: Federal and Territorial Acts and Regulations

Extent Of Government Approval:

CNSOPB and C-NLOPB: Fundamental decisions of the Boards pertaining to rights issuance/cancellation, prohibitions, development plans, and cessation of activities in certain instances are subject to government approval. Federal/provincial governments also approve the Boards' annual operating budgets.

NEB: Board decisions pertaining to development plans are subject to federal government approval. The federal government also approves the Board's annual budget.

The Government of Canada is undertaking a review of federal environmental assessment processes and legislation.

Nature of Duties Imposed:

A blend of goal-oriented and prescriptive regulations, with a move towards more performance-based regulation. The respective Chief Safety Officers and Chief Conservation Officers may however, subject to certain criteria, authorize the use of equipment, methods, measures, or standards in lieu of any required by regulation.

Physical Objects in the Regime:

Drilling of exploratory and production wells is carried out using semi-submersible drilling units, drill ships, jack-up units, gravity based structures (GBSs), and sub-sea infrastructure.

In addition, the Boards regulate construction vessels, diving vessels and seismic vessels involved with oil and gas exploration and exploitation, along with helicopter passenger safety.

Projects Offshore Nova Scotia:

Two operational natural gas projects:

- a) Sable Offshore Energy Project comprising five production platforms (one manned, four unmanned), and a 26" pipeline (approximately 200 kilometers in length) to bring gas to shore;

- b) Deep Panuke Offshore Gas Project comprising one production platform, four production sub-sea tie-backs, one acid-gas disposal well, and a 22" pipeline (approximately 175 kilometres in length) to bring gas ashore.

Projects Offshore Newfoundland and Labrador:

Four oil producing projects, with a fifth expected to produce by the end of 2017 as noted below:

- a) Hibernia – GBS integrated drilling (two rigs) production accommodation installation;
- b) Terra Nova – FPSO;
- c) White Rose – FPSO;
- d) North Amethyst – subsea tie-backs to the *White Rose* FPSO;
- e) Hebron – GBS integrated drilling (one rig) production accommodation installation; first oil anticipated by the end of 2017.

All oil is shipped by shuttle tankers, which are outside of the Board's regulatory responsibility.

**Assurance
Mechanisms:**

Each work or activity proposed to be carried on in an offshore area related to the exploration or drilling for or the production, conservation, processing or transportation of petroleum requires the authorization of the responsible Board, and the person holding such authorization must be in possession of a valid operating license. There are additional work or activity-specific approvals required from the responsible Board or its Officers as defined in regulations.

- Safety plans and environmental protection plans are required to be submitted with work or activity authorization applications;
- A Certificate of Fitness from a recognized certifying authority required for installations (drilling, accommodation, diving, and production installations);
- Board inspection, audit and investigation programmes;
- Industry self inspections and audits; and
- Workplace Committee requirements

Financial Basis:

Initially, CNSOPB and C-NLOPB budgets are jointly approved by the Government of Canada and the relevant provincial government. Formula fees schedules set out recovery the costs

associated with regulating offshore oil and gas activity from applicants and operators on behalf of both governments. The NEB budget is assigned by the federal government. Cost recovery is permitted under federal legislation but the associated regulation prescribing fee structures is not yet in place.

**Environmental
Regulation
Responsibilities:**

The Boards are responsible for ensuring the protection of the environment during all phases of offshore petroleum activities.

The Boards and/or the Canadian Environmental Assessment Agency undertake environmental assessments of proposed projects to meet the environmental requirements set out in their respective enabling legislation. For major projects, such as the drilling, testing, and abandonment of an exploratory well in an area set out in one or more exploration licences or construction, installation, operation, decommissioning, and abandonment of an offshore floating or production platform used for the production of oil and gas, an environmental assessment is required pursuant to the *Canadian Environmental Assessment Act, 2012*.

Oil Spill Response: As part of a work or activity authorization application, an operator is required to submit to the relevant Board a plan (or plans) for response to safety or environmentally related emergencies including an oil spill response plan.

In the event of a petroleum spill from its installation(s), the operator is responsible, as soon as possible, to:

- take all reasonable measures consistent with safety and the protection of the environment to prevent any further spill;
- to repair or remedy any condition resulting from the spill, and;
- to reduce or mitigate any danger to life, health, property or the environment that results or may reasonably be expected to result from the spill.

While the offshore Boards are the lead agencies for spill response in their offshore areas, numerous agencies of the federal and provincial government, depending upon the circumstances of an individual spill event, may provide advice and support to the applicable Board in its oversight of the responsible operator.

Transparency: Each Board has a website where information is provided to the public, such as weekly activity reports, production reports, spill summaries, major incident investigation reports, etc.

The federal *Access to Information Act* applies to the Boards, and is a mechanism for the public to access information held by the Board, while at the same time protecting the proprietary information of Operators.

Research

The Environmental Studies Research Funds (ESRF) is an offshore oil and gas research program which sponsors environmental and social studies. It is designed to assist in the decision-making process related to oil and gas exploration and development on Canada's frontier and offshore lands. The funding for the ESRF is provided through levies on frontier lands paid by interested holders such as the oil and gas companies. The ESRF Management Board includes representatives from the Boards and other prescribed stakeholders.

In addition to the ESRF, the Boards provide advice to several other research bodies and initiatives regarding offshore oil and gas research priorities and opportunities. The offshore Boards determine eligibility of research and educational initiatives by operators for credit against their benefits plans commitments.

Profile Date: December 2017