

MEMBER COUNTRY PROFILE – CANADA

Country: Canada

Organizations: Canada-Newfoundland & Labrador Offshore Petroleum Board (C-NLOPB)
Canada-Nova Scotia Offshore Petroleum Board (CNSOPB)
Canada Energy Regulator (CER)
Hereafter collectively referred to as the “Boards”.

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 CER is responsible for the regulation of petroleum exploration and development activities in the onshore part of the Inuvialuit Settlement Region (Northwest Territories), the Norman Wells Proven Area (Northwest Territories), Nunavut, 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 (CER 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 the Parliament of Canada (Parliament) and provincial legislatures through the respective Ministers of Energy & Mines/Industry, Energy and Technology, and Ministers responsible for Worker Health and Safety.

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

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

CER: Federal and Territorial Acts and Regulations, some of which mirror the CNSOPB and C-NLOPB statutes.

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 and provincial governments also approve the Boards' annual operating budgets.

CER: Regulator decisions pertaining to development plans are subject to federal or territorial government approval.

Nature of Duties Imposed:

A blend of goal-oriented and prescriptive regulations, with a move towards more performance-based regulation. However, the respective Chief Safety Officers and Chief Conservation Officers may, 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 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 in the Canada-Nova Scotia Offshore Area:

Two recently decommissioned and abandoned 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 to shore.

Projects in the Canada- Newfoundland and Labrador Offshore Area:

Four oil producing projects:

- a) Hibernia – GBS integrated drilling (two rigs) production accommodation installation;
- b) Terra Nova – FPSO
- c) White Rose – FPSO
- d) Hebron – GBS integrated drilling (one rig) production accommodation installation.

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 out in an offshore area related to the exploration or drilling for 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 licence. 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 programs
- Industry self inspections and audits
- Workplace Committee requirements

**Financial
Basis:**

CNSOPB and C-NLOPB budgets are jointly approved by the Government of Canada and the relevant provincial government. Formula fees schedules set out cost recovery associated with regulating offshore oil and gas activity from applicants and Operators on behalf of both governments. The CER 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 Impact Assessment Agency of Canada undertake environmental assessments of proposed projects to meet the environmental requirements set out in their respective legislation. Designated offshore oil and gas activities referenced in the *Physical Activities Regulations*, under the *Impact Assessment Act*, are subject to federal environmental/impact assessment, including:

- the drilling, testing, and abandonment of exploratory wells in the first drilling program in one or more exploration licences;
- construction, installation, and operation of new platforms; and
- decommissioning and abandonment of existing platforms used for oil and gas production.

In February 2020, a Regional Assessment (RA) of Offshore Oil and Gas Exploratory Drilling East of Newfoundland and Labrador was completed. On June 4, 2020, the Government of Canada released a Ministerial Regulation to improve the efficiency of the assessment process for exploratory drilling projects in the RA Study Area East of Newfoundland and Labrador. The Regulation provides that exploratory drilling projects in the RA Study Area are excluded from the requirement to undergo a project-specific federal Impact Assessment, subject to a set of conditions.

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
- repair or remedy any condition resulting from the spill
- 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 overseeing 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 interest 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 Boards determine eligibility of research and educational initiatives by Operators for credit against their benefits plans commitments.

Profile Date:

January, 2021