



October 25, 2019

Noia Submission to the Impact Assessment Agency

Re: CNOOC Petroleum North America ULC offshore exploration drilling program in the Flemish Pass (Els 1144 & 1150)

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The Newfoundland and Labrador Oil and Gas Industries Association (Noia) was founded in 1977 to represent the supply and service sector of the offshore oil and gas industry. Today Noia represents over 500 member organizations worldwide which are involved in, or benefit from, the oil and gas industry of Newfoundland and Labrador. Noia members are a diverse representation of businesses that range from offshore supply boats and helicopters to health and safety equipment and training, engineering solutions and fabricators to local bakeries.

Noia is pleased to have the opportunity to comment on the draft environmental assessment report for the proposed CNOOC International Flemish Pass Exploration Drilling Project in the Flemish Pass Basin in exploration licenses 1144 and 1150. The project is located approximately 400 kilometres from St. John's (at the closest licence area) and could include up to 10 exploration wells between 2020 and 2028.

Value of the Newfoundland and Labrador Offshore

The offshore oil and gas industry is one of tremendous importance to Newfoundland and Labrador. To quantify that importance, Noia recently engaged Mr. David Campbell of Jupia Consultants to undertake a study on the value of the industry. Mr. Campbell is a former chief economist for the Government of New Brunswick.

Mr. Campbell's study showed that at the peak of the industry in 2007, \$9.5 billion of Newfoundland and Labrador's Gross Domestic Product was derived from the oil and gas industry. The GDP contribution was within that contribution level for seven years. The industry currently contributes more to the provincial economy than the three next contributing industries combined.

In 2017, the oil and gas industry generated 23,500 full-time equivalent jobs in the province (including direct, indirect, and induced jobs). This resulted in approximately \$2 billion in labour income – which is 15 per cent of the provincial total – and \$1.45 billion in consumer spending. The industry generated \$973 million in capital expenditure, \$920 million in royalty payments, and over \$1.4 billion in total tax and royalty revenue.

The study also demonstrated significant economic impacts for Canadians. For every direct job in Newfoundland and Labrador in the oil and gas industry, 1.8 jobs are created in Canada. \$755 million in labour income, \$561.5 million in consumer spending and \$680 million in tax revenue was generated in the rest of Canada in 2017 as a result of the offshore oil and gas industry.

The study forecasts royalty and tax revenue to Newfoundland and Labrador to exceed \$100 billion by 2045, with 56,000 jobs created in 2033. Labour income is modelled to more than double to \$4.6 billion, as is consumer spending to \$3.5 billion. In 2033, the oil and gas sector has the potential to generate more revenue for the province than the entire economy currently does.

Similarly, for Canada, the future impacts are significant. By 2033, every direct job in Newfoundland and Labrador's oil and gas industry is expected to create 2.3 jobs in Canada. Forecasted impacts include \$1.6 billion in labour income, \$1.2 billion in consumer spending, and \$3.3 billion in tax revenue, all in the rest of Canada.

CNOOC International Flemish Pass Exploration Drilling Project in exploration licenses 1144 and 1150 (2020-2028)

CNOOC International has proposed to conduct an exploration drilling campaign in the Flemish Pass Basin in two exploration licence areas during the period of 2020 and 2028. The purpose of the campaign is to determine if hydrocarbons are present in the licence area and the volume of such resources. As part of the process to undertake an exploration campaign the proponent has previously submitted an Environmental Impact Statement (EIS) and EIS Summary. Noia did provide comment on that EIS and offered its support for the exploration program.

It is worth noting that while the *Canadian Environmental Assessment Act* has been repealed and replaced with the *Impact Assessment Act*, this project is proceeding under the predecessor act in accordance with the transitional provisions of the *Impact Assessment Act*.

Noia submits that well-known and standard mitigation measures are in place for Newfoundland and Labrador offshore exploratory wells. The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) has decades of experience in reviewing, approving and monitoring such regulations and has regulatory authority as per the Accord Acts. Exploratory wells are activities of short duration and CNOOC International indicates that a well in the proposed project may require between 45 to 160 days for drilling, evaluation and well abandonment or suspension.

Exploration activities have a history of over two decades in the offshore of Newfoundland and Labrador with stringent federal regulations and mitigation practices in place. Further, the role of the C-NLOPB as life-cycle regulator has been effective due to extensive

experience and knowledge accumulated over two decades of involvement with the offshore. It is important to note that environmental safety is a core function of the C-NLOPB, which is also a founding member of the International Offshore Petroleum Environmental Regulators (IOPER), a collaborative group of national regulators whose focus is to drive improvements to environmental performance in the global offshore petroleum and exploration industry. During 2016-17, the focus of IOPER was on environment performance indicators, regulating oil spill preparedness and response, as well as public consultation and decision making.

The draft environmental assessment reflects that the proponent has undertaken consultation with Indigenous groups, the public and stakeholders. Accompanying that consultation, significant work has been undertaken to study and address potential adverse effects through mitigation plans. The report also indicates that “large oil spills” generally do not occur during exploration campaigns. The Impact Assessment Agency has also stated that the mitigation plans of the proponent are appropriate, and the program is not likely to have significant adverse environmental effects.

Conclusion

Noia supports an ocean economy where all the ocean industries work together for the socioeconomic benefit of the nation and where activity is undertaken in an environmentally conscious manner. The various industries involved in the ocean economy can co-exist and they can do so in a manner that takes into consideration protection of all ocean resources. This has occurred for decades offshore Newfoundland and Labrador and will certainly continue in the best interest of all Canadians.

The potential of our ocean economy is both staggering and inspiring and we must strive to provide opportunities and support environmental stewardship that is based upon scientific evidence.

Noia submits that the information outlined above should be considered as part of the environmental assessment process for the proposed CNOOC International Flemish Pass Exploration Drilling Project in the Flemish Pass Basin in exploration licenses 1144 and 1150. Noia supports the approval of the proposed exploration drilling project by the Minister of Environment and Climate Change.

Sincerely,

<Original signed by>

Charlene Johnson
CEO