



**Noia Submission to the Impact Assessment Agency
Re: Draft Environmental Assessment Report for the Newfoundland Orphan Basin
Exploration Drilling Project (Reference # 80147)
December 2019**

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 BP Canada Energy Group ULC Newfoundland Exploration Drilling Project in the Orphan Basin in exploration licence areas 1145, 1146, 1148 and 1149. The project may include up to 20 exploration wells drilled as part of the program which could occur between 2021 to 2026. Noia has previously commented on the Environmental Impact Statement submission of BP Canada and supported the project.

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.

BP Canada Energy Group ULC Exploration Drilling Project in ELs 1145, 1146, 1148 and 1149

BP Canada Energy Group ULC (BP Canada) proposes to conduct exploration drilling in accordance with its exploration licences granted by the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) in the Orphan Basin region of the Newfoundland and Labrador offshore. The project may include up to 20 exploration wells drilled as part of the program which may occur over the term of the licences which extend to 2026. On behalf of its almost 600 members with varying interests in the Newfoundland and Labrador offshore oil and gas industry, Noia supported the Environmental Impact Statement of BP Canada for this program and continues its support for the exploration program. The proponent has submitted detailed plans and outlined its approach to ensuring safety and environmental protection, as well as consultation with numerous potentially impacted stakeholders and feedback already provided through consultations. As Noia supports scientific data to evaluate effects of human activities offshore, the organization is pleased to see noted in the draft environmental assessment report that the Environmental Studies Research Fund has issued a call for proposals for studies related to impacts of offshore exploration projects on Atlantic Salmon.

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. Noia feels it is important to highlight that

the draft environmental assessment report also notes the federal department of Fisheries and Oceans has advised that monitoring of finfish in the Newfoundland and Labrador offshore for the past 25 to 30 years reveals ongoing oil and gas activity has no effects on fish health.

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 report for the Orphan Basin 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, including specific mitigation where required; for example, in areas of potential corals and sponges where there is a lack of available survey data. The report also indicates that “large oil spills” incidences during exploration campaigns are extremely low. The Impact Assessment Agency has also stated that the mitigation plans of the proponent are appropriate and the program is not likely to cause significant adverse environmental effects or significant adverse environmental effects upon the marine environment, including fish and fish habitat, marine mammals, migratory birds, special areas, species at risk, commercial fisheries, or Indigenous peoples.

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 review of the draft environmental assessment report for the proposed BP Canada Energy Group ULC Newfoundland Exploration Drilling Project in the Orphan Basin in exploration licence areas 1145, 1146, 1148 and 1149. Upon review of the document, Noia continues to support approval by the Minister of Environment and Climate Change of the proposed exploration drilling project.

Sincerely,

<Original signed by>

Charlene Johnson
CEO
Noia