



2004 Annual Report



**The Voice of
East Coast Canada
Oil and Gas**

Association Profile

Established in 1977, NOIA is a non-profit trade association representing the East Coast Canada oil and gas industry. The Association has approximately 450 members that are drawn primarily from the oil and gas supply and service sector.

NOIA's mission is to promote the development of East Coast Canada's hydrocarbon resources and facilitate its membership's participation in the different sectors of the oil and gas industry. In pursuing our mission, NOIA works closely with operators, all levels of government and the community at large.

NOIA offers a variety of membership programs and services. These include the *NOIA-OTANS Daily Bulletin*, *NOIA News* magazine, *Annual Membership Directory*, its promotional publication *Newfoundland and Labrador: A Wealth of Opportunity*, luncheons, seminars, small and medium size enterprise lunch-and-learns, the Annual International Petroleum Conference, a technology information program, NOIA's web site (NOIANet), oil and gas industry economic development, and advocacy on behalf of the industry.

In order to deliver our membership programs and services, NOIA has established an elaborate network of volunteers from the East Coast Canada oil and gas industry. As a non-profit organization, NOIA has a voluntary board of directors who govern the Association's activities. The Board of Directors has a volunteer Chairperson, Vice-Chairperson and Treasurer. Together with the Past-Chairperson, and President and CEO, these individuals make up NOIA's Executive. NOIA's many volunteer committees include Membership Services and Internal Communications, Policy and Research, External Communications and Government Relations, and Conference. There are also a number of sub-committees that address policy issues and organize specific events, such as seminars, throughout the year.

NOIA's growth has paralleled the growth of the East Coast Canada oil and gas industry. The Association has been a leading advocate of oil and gas development in the region, and a key supplier of information to the industry. ♦

Table of Contents

Chairperson's Report	3
President's Report	4
Board of Directors	5
Policy and Research	6
Membership Services and Internal Communications	7
External Communications and Government Relations	9
Conference 2004	10
Audited Financial Statements for 2004	11

NOIA Staff:

President and CEO, Leslie Galway
Communications Manager, Heather Smith
Accounting Clerk, Doris Connors
Association Secretary, Debbie Rideout
Computer Support Specialist, Peter Norman
Receivables Officer, Geraldine Putt
Marketing and Sales Coordinator, Beverley Bishop
Policy and Research Coordinator, Dana Feltham
Events Coordinator, Jackie Spurrell
Special Assistant to the Industrial Opportunities Working Group, Amy Williams

Contact NOIA:

Suite 602, Atlantic Place
215 Water Street
St. John's, NL
A1C 6C9
Tel: (709) 758-6610
Fax: (709) 758-6611
Email: noia@noianet.com
Web site: www.noianet.com

Printed by Transcontinental Media



**2004 Chairperson
Philip Whelan**

2004 was both an eventful and productive year for NOIA. As your Chairperson I have been fortunate to be involved with the Board of Directors and work together on initiatives that are beneficial to the membership. It has been both challenging and rewarding to work on your behalf, and I thank you all for the opportunity.

Throughout the year, exploration attraction remained a number one priority for NOIA. NOIA proudly promotes its membership and East Coast Canada's oil and gas industry all over the world. While abroad for Offshore Northern Seas, and in Houston for the Offshore Technology Conference, NOIA met with operators, major contractors, and potential members to increase awareness about the region's petroleum industry and to promote its membership. During these events NOIA also distributed its *Annual Membership Directory*, and its new promotional piece launched in 2004 - *Newfoundland and Labrador: A Wealth of Opportunity* - both of which are exceptional illustrations of what this region has to offer to the worldwide oil and gas industry.

NOIA has continued to be actively involved in the Atlantic Energy Roundtable. As NOIA's representative on the Implementation Committee, and as a member on the Industrial Opportunities Working Group and its sub-committees, I have had a chance to see for myself the time and effort that NOIA and the other stakeholders have put into making East Coast Canada more competitive. This was particularly evident this year when a five-year moratorium was imposed on duties for temporary importation of mobile offshore drilling units (MODU). This duty remission will reduce present drilling costs in Canada and act as an incentive for increased exploration.

In addition to the Atlantic Energy Roundtable, NOIA has participated on committees such as the Petroleum Industry Human Resource Committee, and the Petroleum Human Resources Council of Canada. Through these meetings NOIA has continued to build on its strong relationships with stakeholders, and has gained a better understanding on issues of importance to the membership. Throughout the year, NOIA's Board of Directors also met with the United States Ambassador to Canada, United States Principal Deputy Assistant Secretary of Energy, Policy and International

Affairs, Minister of Natural Resources Canada and had numerous meetings with Newfoundland and Labrador's Premier, Minister of Natural Resources, and its department representatives.

Of course, with more successful exploration will come opportunities for significant discoveries, and the possibility of sustaining the business of oil and gas. Finding viable ways to develop natural gas and heavy oil will be very important in maintaining our industry and will be the focus of NOIA's seminars this year. It is also hoped the viability of Hebron will be confirmed this year, which will go a long way to encouraging further heavy oil development in the future.

NOIA held three seminars this year to much acclaim. In February, NOIA held *Reciprocity: Moving Toward Global Certification* in conjunction with OTANS, which featured representatives from the North Sea, the Gulf of Mexico and Canada's East Coast. NOIA's spring seminar focused on exploration initiatives in the Orphan Basin - a basin that earned the biggest commitment ever in Newfoundland and Labrador's 2003 Call for Bids.

Exporting was the focus of the fall seminar. Delegates learned a great deal about global oil and gas projects, opportunities in the supply and service sector, and government programs aimed at aiding Canadian companies in exporting. In conjunction with this seminar NOIA released its Export Strategy that will aid members when planning for export opportunities and assist them as they pursue business abroad. NOIA's Ambassador Program was launched at the same time and will also assist NOIA members in their exporting endeavors.

There are enormous opportunities for NOIA members. East Coast Canada has much to offer the global oil and gas community and the future is positive. While sustaining business here at home is important, actively pursuing worldwide opportunities will be equally vital for NOIA members in the coming months and years. All it takes is hard work and determination.

NOIA's success is built solely on the continued participation of its members and the unending dedication of its staff. This coming year I encourage you to become more involved in our association. You have the unique opportunity to have input and make a difference to our industry. ♦

President's Report



**President and CEO
Leslie Galway**

2004 is quickly becoming a memory as our focus shifts to the possibilities of 2005. 2004 was spent positioning our industry and business. As a result, NOIA activities were focused on both identification of immediate business opportunities and readying business for new jurisdictions and emerging projects.

NOIA took every opportunity to assist the membership and industry to become better positioned in the future. NOIA has been represented at all levels of the Atlantic Energy Roundtable. 2004 led to several occasions for NOIA to promote our region and our businesses to other jurisdictions in Canada and internationally.

NOIA dedicates considerable energies to develop its event services, such as its seminars, luncheons, and its small and medium sized enterprise (SME) lunch-and-learn series. Member feedback has consistently told us that perspectives of the operators and government is valuable information for members when arriving at business decisions. Our 2004 keynote events have delivered such perspectives. The SME program featured a facilities tour, information on exporting as well as changes in laws and regulations that affect our business practices. In partnership with the Society of Petroleum Engineers, NOIA hosted six SPE luncheons. Seminars and Conference 2004 also provided exceptional opportunity to learn more on emerging opportunities locally and globally.

NOIA's communication services are our members' highest valued service. During 2004 NOIA produced the joint *NOIA-OTANS Bulletin* daily. NOIA was pleased to take on the role of preparation of the Bulletin and ensures it is circulated to OTANS members through the OTANS web site. This effective and efficient joint initiative is a visible way to demonstrate the cooperation that continues to build between our two associations.

NOIA News also continues to expand its readership. This publication features current issues and events as well as provides opportunities to members to provide guest editorials and collectively increase our members' knowledge base. *NOIA's Annual Membership Directory* and our publication *Newfoundland and Labrador: A Wealth of Opportunity* have been well received in our travels internationally and with professionals at our

Canadian Consulates. In fact the *Wealth of Opportunity* booklet was the first of what is hoped to be a continuous communication program aimed at building the toolkit for our Association's contribution towards attracting exploration to this region.

NOIA's web site has always been a wealth of information for NOIA members. The members-only area of the web site recently added a section for the NOIA Ambassador Program. This allows for members to make contact with NOIA Ambassadors, and download a list of oil and gas contacts at Canadian embassies, or NOIA's Export Strategy and programs and services guide. To better assist our members in the bidding process for upcoming work in 2005, NOIANet's member-only section will also host a procurement archive and contact information for all major operations, development projects and exploration activities.

It has been an important privilege to represent our members in numerous consultations and advisory bodies. These have included the Shipbuilding and Industrial Marine Advisory Council and the Atlantic Energy Roundtable, a federal/provincial initiative, which has been a once in a lifetime opportunity to influence regulatory efficiency and effectiveness, and enhancement of industrial opportunities on the east coast of Canada. I have provided NOIA's views at federal and provincial budget consultations, and the Workplace Health, Safety and Compensation Commission consultations. I have also voiced our needs and recommendations under the Coasting Trade Act, and actively participated in the Petroleum Industry Human Resource Committee of Newfoundland as it reaches out to new entrants to our industry, and co-chaired the Trade Team Canada Oil and Gas Equipment and Services as it helps develop market intelligence and opportunities in international market places.

2004 has been an important year for building our future. It would not be possible without a strong Board and critical network of volunteers and advisors from our membership. We at NOIA work daily to be the best representatives we can for our members who add such tremendous value to the economy of East Coast of Canada. So in closing I thank our board, volunteers, staff and each and every member for your support and trust you place in this great Association. ♦



Front L-R: Tony Goobie, Leslie Galway, Philip Whelan
Middle L-R: Kevin Roche, Bob McCarthy,
Rob Strong, Ciaran O'Shea, Caron Hawco, Ron Edmunds
Back L-R: Geoff Cunningham, Jerry Byrne, Bill Newton,
Roy Farrell

NOIA's Board for 2004 has spent the year actively pursuing our mission and business plan. The Committee structure of the Board remained the same as 2003 and helped to build upon existing programs and advanced policy and positions important to the success of the East Coast of Canada.

The 2004 year began with a strategic planning session to affirm NOIA's focus areas for the following twelve months. This strategic planning session also provided opportunities to discuss new priorities in membership service and in financial matters. These areas of focus include:

- Atlantic Energy Roundtable support (regulatory streamlining and industrial opportunities)
- Labour relations
- Preparing for new basins
- Export diversification
- Preparing for the region's next project
- Exploration attraction action plan
- Technology transfer
- Stranded natural gas
- Shipbuilding policy

Like our members, NOIA's programs zoned in on existing development and operations offshore. Hibernia, Terra Nova and Sable provided continued opportunities to our supply and service members. White Rose development brought significant activities to several centres in Newfoundland, and Sable's South Venture development was active in Nova Scotia. However, the year also presented its challenges with its low level of exploration drilling, particularly offshore Newfoundland and Labrador and drilling disappointment offshore Nova Scotia. NOIA continued to call for policy and positions relevant to moving ahead on new project developments and improved exploration attraction.

Knowledge of near or long-term exploration targets has kept NOIA seeking more information on necessary infrastructure, enabling technology and alternatives. In support of this, NOIA has visited with business groups

from Newfoundland's south coast to Labrador to British Columbia.

Some 2004 Highlights

In August, NOIA's Board of Directors had the opportunity to meet with United States Ambassador to Canada, Mr. Paul Cellucci, and Assistant Secretary of Energy, Mr. Vincent DeVito. This meeting provided NOIA with an opportunity to communicate the importance of our resource to the United States, particularly in the atmosphere of rising oil prices and instability in key oil producing regions.

In November, Mr. Kurt Abraham, managing/international editor of *World Oil Magazine*, visited Newfoundland and Labrador as Keynote Speaker for NOIA's Fall seminar. Mr. Abraham was given tours of key facilities in the Newfoundland and Labrador oil and gas industry, from the Marine Institute to the Peter Kiewit Shipyard in Marystown. This visit gave NOIA an opportunity to further enhance the visibility of local industry on the world stage.

Throughout the year, NOIA has been proud to support the provinces of Newfoundland and Labrador and Nova Scotia in their endeavor to become the principle beneficiaries of our offshore revenue as stated in the respective Atlantic Accord Acts.

During 2004, exploration attraction continued to be a priority for NOIA and the Board of Directors worked to communicate the importance of this issue to all levels of government.

In May 2004, the announcement of a five-year moratorium on import duties for mobile offshore drilling units (MODUs) was made. This development will result in significant cost reductions for the industry.

NOIA also worked with Ocean Industries BC in 2004 to open Canada's west coast to oil exploration. To this end, NOIA made a submission to the Priddle Inquiry and participated in BC and Newfoundland missions.

2004 has been a successful period for NOIA and its Board. We congratulate the members and NOIA staff on their individual contributions to this success. ♦

Policy and Research Committee



**Chairperson
Tony Goobie**

In 2004, NOIA's Policy and Research Committees continued their work in support of NOIA's mission. NOIA's policy action plan for 2004 identified policy and research priorities in the areas of regulatory issues, industrial opportunities, and labour and human resources. These priorities included continued work on NOIA's exploration attraction initiative, validation of NOIA's research on benefits monitoring and reporting, the development of an export strategy and program guide, and the initiation of a communications plan for labour and human resources issues.

Exploration attraction continues to be a priority issue for NOIA. In February 2004, NOIA's Policy and Research Committee met with representatives from various stakeholders regarding NOIA's position paper on exploration attraction. At this time, the Association put forward the recommendations contained within the paper. NOIA remains encouraged about this initiative, which will remain an area of focus for the organization.

Throughout 2004, the Policy and Research Committee focused on the royalty structure within the province and its impact on competitiveness. This paper has provided the background work necessary for the development of a position on future directions for royalty structures in the Newfoundland and Labrador offshore. This position, addresses the need for royalty structures for natural gas, heavy oil, and deepwater developments, as well as discusses the relationship between royalties and other industrial opportunities.

NOIA's Industrial Opportunities Sub-Committee (previously known as the Local Benefits Sub-Committee) completed two major pieces of work in 2004 and has already identified key policy areas for the upcoming year. Following on the committee's work in 2003 and in conjunction with the Atlantic Energy Roundtable, the Sub-Committee held a validation workshop for its research into the issue of benefits monitoring and reporting. The results of this workshop were combined with the committee's previous research on the issue and presented at a monitoring and reporting workshop sponsored by the Atlantic Energy Roundtable.



*Luncheon Keynote Speaker, Kurt Abraham,
Export Seminar, November 2004*

As was reported at last year's AGM, the Industrial Opportunities Sub-Committee had been actively engaged in the development of an *Export Strategy* for NOIA members. This strategy, combined with a comprehensive guide to programs and services, was released in conjunction with NOIA's Fall Seminar *Beyond Our Borders: Export Opportunities in the Oil and Gas Industry*. The goal of this project was to provide the resources necessary for members to investigate elements of export development such as marketing and partnership development. This will be a living document with regular updates.

2004 was an extremely active year for the Regulatory Issues Sub-Committee. In February, NOIA made a submission to the Canadian Transportation Agency (CTA) regarding the impact of current CTA regulations and guidelines related to the importation of oil and gas assets such as mobile offshore drilling units (MODUs) and seismic vessels. NOIA concluded that the current timelines did not recognize the commercial realities of offshore exploration and could result in the suspension or cancellation of vital exploration programs.

The Regulatory Issues Sub-Committee has been an active participant in the Regulatory Issues Working Committee of the Atlantic Energy Roundtable. This included a submission on the *Memoranda of Understanding on Effective, Coordinated and Concurrent Environmental Assessment and Regulatory Processes for Offshore Petroleum Development Projects in Accord Areas*. NOIA believes that, properly implemented, these MOUs have the potential to significantly improve regulatory processes in East Coast

Membership Services & Internal Communications Committee

Canada. Finally, a moratorium on the duty for the importation of MODUs was implemented in May. This was a major policy goal for the sub-committee and NOIA believes it will have positive impact on exploration activity in the region.

This committee also initiated an effort to raise the level of awareness of the need to improve 'training reciprocity' between our Atlantic Canadian Region and other offshore operating regions. The goal of this initiative was to find ways to make Atlantic Canada more internationally competitive and more attractive to new project start-ups. A seminar was held in 2004 which brought together training experts from the North Sea and the Gulf of Mexico (GOM) with Atlantic Canadian offshore industry stakeholders to discuss training reciprocity opportunities.

The outcomes and lessons learned were tabled through the Training and Qualifications Committee (TQG) of the Canadian Association of Petroleum Producers (CAPP). It is expected that CAPP, the Canadian Association of Oilwell Drilling Contractors, and the International Association of Drilling Contractors will continue the dialogue with other international groups and regulators who are engaged in finding ways to bridge gaps between the different offshore operating areas. A follow-up Reciprocity seminar is expected to be organized in the GOM region in 2006.

Throughout 2004, NOIA's Labour and Human Resources Sub-Committee conducted research to build NOIA's knowledge base regarding labour relations and human resources in the province's oil and gas industry. The sub-committee met with several interested parties to discuss labour relations matters, such as Morgan Cooper of McInnes Cooper, a lawyer who specializes in provincial petroleum industry labour relations matters; Jim Keating, Vice-President Operations and Field Development, Norsk Hydro; and Bill Parsons of the Newfoundland and Labrador Building and Construction Trades Council. In 2005, the sub-committee will continue to conduct research and develop a comprehensive communications strategy focusing on labour relations and human resources issues.

Following the pattern established in 2003, 2004 continued to be an active year for NOIA in the area of policy and research, and looks to be similar in 2005 with several issues already identified. Along with its sub-committees, NOIA's Policy and Research Committee will continue to work towards the goal of improving the business environment in East Coast Canada's oil and gas industry. ♦



**Chairperson
Geoff Cunningham**

The Membership Services and Internal Communications Committee has had an active year of working on initiatives to add value for existing and potential members. The committee has advised staff on improving programs and services to better serve NOIA members including many events and several publications aimed at keeping members informed and in touch with the industry.

The *NOIA/OTANS Daily Bulletin*, which began in 2003, is still in production and is working well for both associations. NOIA is proud to produce this bulletin each day and works closely with OTANS to ensure both memberships are well informed on the happenings of the East Coast Canada oil and gas industry.

Three seminars were held in 2004:

- *Reciprocity: Moving Toward Global Simplification*
- *Opportunities in the Orphan Basin*
- *Beyond our Borders: Export Opportunities in the Oil and Gas Industry*

Reciprocity: Moving Toward Global Certification featured representatives from the North Sea, the Gulf of Mexico and the East Coast of Canada. This seminar was a joint event between NOIA and OTANS to begin dialogue that would focus on bringing reciprocity between these three oil producing regions. It included a one-day seminar followed by a day of breakout sessions. Progress was made in bringing these three regions together on the topics of training and audit models and further discussions are planned for the future.

NOIA's spring seminar focused on exploration initiatives in the Orphan Basin. *Opportunities in the Orphan Basin* also featured a keynote luncheon address by Monique Collette, President, Atlantic Canada Opportunities Agency. Over 150 delegates were in attendance to hear potential business opportunities for NOIA members during the early stages of exploration in this frontier basin.

Exporting was the focus of the fall seminar. The theme for this event was *Beyond our Borders: Export Opportunities in the Oil and Gas Industry*. Delegates learned a great deal about global oil and gas projects, opportunities in the supply and service sector and gov-

Membership Services & Internal Communications Committee



Credit: Geoff Cunningham

NOIA's Facilities Tour, September 2004

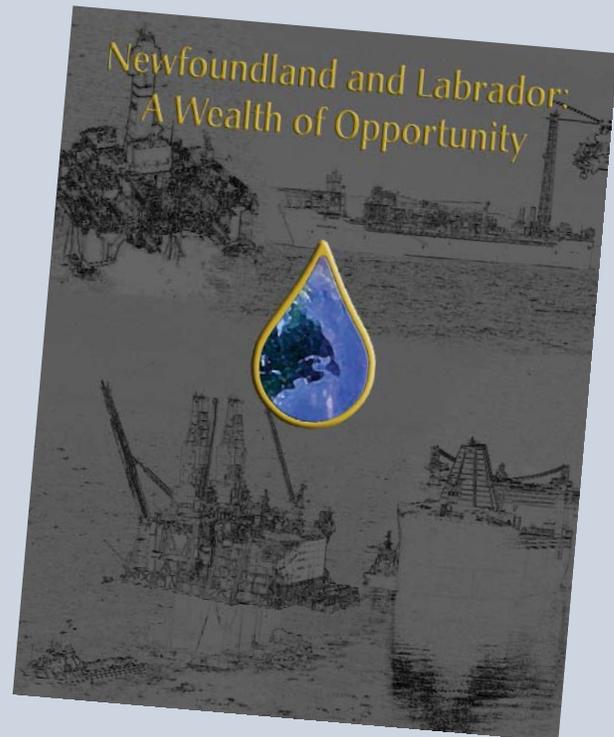
ernment programs aimed at aiding Canadian companies in exporting. During this seminar, Kurt Abraham, managing/international editor of *World Oil Magazine* provided an interesting keynote address on the global petroleum industry, as well as Alan Grant, executive director, International Association of Oil and Gas Producers.

In 2004, NOIA launched its promotional program, *Newfoundland and Labrador: A Wealth of Opportunity*. Aimed at promoting the many positive features of Newfoundland and Labrador's oil and gas industry, this promotional publication highlights the excellent potential of the region to global audiences. Program sponsors are featured in this high-quality publication that is distributed at major oil and gas trade shows and conferences throughout the world. The program was so well received that NOIA has decided to make it a regular, bi-annual publication of the association.

NOIA was proud to offer its facilities tour in September. NOIA's 2004 tour of Newfoundland and Labrador's oil and gas infrastructure sites was a resounding success. Participants had the rare opportunity to see first-hand the impressive facilities that provide service to the East Coast Canada oil and gas industry. Participants saw the impressive work that is being done at the Newfoundland Transshipment Facility, the North Atlantic Refinery, Bull Arm and Kiewit Offshore Services. The highlight of the event was the tour of the SeaRose FPSO in Marystown.

NOIA's website (NOIANet) went through some changes in 2004, most notably in the members only area. The Ambassador's program was introduced to the site and includes NOIA's export strategy. A new procurement program will be launched in early 2005. This will allow members to easily search for EOI's, RFP's and find industry resources on procurement.

NOIA once again took part in Newfoundland and Labrador Oil and Gas Week: Exploring our Future. This was an extremely successful initiative with many inter-



NOIA released its promotional package, Newfoundland and Labrador: A Wealth of Opportunity in 2004.

est groups hosting events throughout the week.

NOIA held three stand-alone keynote luncheons during the year. During Oil and Gas Week, Gordon Carrick, vice-president east coast, Petro-Canada launched a video detailing the history of the Terra Nova Project. Mr. John Lau, president and CEO, Husky Energy, spoke at a luncheon in October. During this luncheon NOIA recognized Mr. Lau and Husky Energy for the company's contribution to the Newfoundland and Labrador oil and gas industry. In November, Mr. Drew Taylor, operations manager east coast exploration, Chevron Canada Resources provided an update on the company's exploration activities in the Orphan Basin and information on potential procurement opportunities during seismic acquisition and exploratory drilling.

Also during 2004, NOIA hosted six technical luncheons in conjunction with the Society of Petroleum Engineers and four SME Lunch and Learns to aid small and medium sized members in learning about topical issues in the oil and gas industry. There was once again a focus on networking with all NOIA luncheons and seminars as well as a stand-alone networking social in May and the ever-popular golf tournament in September.

The membership services and internal communications committee worked hard to offer many programs and services to the membership in 2004. The goal of this committee is to bring value to the membership and this work will continue through 2005. ♠

External Communications and Governmental Relations Committee



**Chairperson
Bob McCarthy**



*NOIA launched its Ambassador Program
in November 2004.*

The External Communications and Government Relations (EC&GR) Committee had a busy and productive year working to improve NOIA's communications practices and build upon recently established policies. Key among the committee's achievements were improvements to editorial aspects for the NOIA News magazine, input on several policy documents, establishment of a memorandum of understanding, consultation on *NOIA's Annual Membership Directory*, and the much anticipated NOIA Ambassador (NA) Program launched at NOIA's seminar, *Beyond Our Borders: Exporting Opportunities in the Oil and Gas Industry* on November 25th.

NOIA's EC&GR Committee developed the NA program to provide additional resources, where possible, to the NOIA membership in its continuing promotion of eastern Canada as a wealth of experience and expertise to the global marketplace. The basic premise behind this program is for NOIA members to assist other NOIA members in order to further corporate objectives in a global marketplace. With this in mind, Ambassadors will be NOIA members, who actively do business in other oil and gas regions around the world.

The program will allow NOIA members to benefit from the experience and expertise that they have developed by operating in East Coast Canada's harsh environment. By offering this program, NOIA is encouraging its members to seek business opportunities anywhere in the world. A key to exporting success is understanding other markets and connecting with key people in those markets. This program will facilitate that learning process.

Through the NA Program, NOIA has also established partnerships with both the provincial government, through its own Ambassador program, and the federal government through International Trade Canada. These partnerships will provide opportunities to collect valuable information on exporting and markets as well as allow for distribution of information about the region's oil and gas industry to a global network.

NOIA's first two Ambassadors are Glen Gibling of Halliburton International Inc., and Bill Washington of Antares Offshore, LLC. These gentlemen are both



members of NOIA and have experience in oil and gas regions such as western Canada, the Gulf of Mexico, West Africa, South America and the Caspian Sea.

To be eligible for the official designation as a NOIA Ambassador an individual must be a member/affiliate of NOIA who is in good standing with the association, operating in an oil and gas area of interest outside of eastern Canada, demonstrate a willingness to assist fellow members foster new business relationships, agree to promote the benefits of NOIA membership to prospective members.

A new NOIA Ambassador can be identified either through referral or through a personal expression of interest. An application form must be completed for all individuals seeking status as a NOIA Ambassador. Once an application has been received, it will be reviewed by NOIA's EC&GR Committee, and then referred to the Board of Directors for approval.

NOIA's EC&GR Committee was also pleased to support NOIA's policy initiatives by reviewing several policy documents throughout the year. The committee provided suggestions for *NOIA News* through new editorial themes and new columns, as well as discussed issues surrounding NOIA's branding, and provided consultation on the format of *NOIA's Annual Membership Directory*.

The EC&GR Committee looks forward to continuing to build upon these initiatives and fulfilling its mandate on behalf of members in 2005. ♦

Conference 2004 Committee



**Chairperson
Kevin Roche**

In 2004, NOIA hosted its *20th Annual International Petroleum Conference Success in a Challenging Environment*. As a key membership service and vital part of NOIA's annual business plan, the conference is the Association's biggest event during the year and requires a great deal of planning and work by the conference organizing committee.

It was particularly rewarding to celebrate 20 years of the event, which has, over the years, hosted hundreds of speakers and thousands of delegates. NOIA's Conference Committee members and staff have worked tirelessly for many years to develop what has become a highly respected, world-class oil and gas conference.

The theme *East Coast Canada: Success in a Challenging Environment* showcased the successes that have been accomplished in East Coast Canada's oil and gas industry despite the unique environmental challenges. East Coast Canada's success in oil and gas operations is evident through the sheer size and capacity of the oil and gas production currently in progress at the Hibernia, Sable and Terra Nova fields.

NOIA's conference featured a three-day agenda that provided delegates with up-to-date information on the industry as well as valuable networking opportunities.

The conference attracted almost 700 delegates from the following regions: Newfoundland - 502, Nova Scotia - 74, Alberta - 39, Ontario - 17, United States - 14, Europe - 13, Quebec - 8, New Brunswick - 3, British Columbia - 2, South America - 2, and Prince Edward Island - 1.

In conjunction with the conference, dmg world media's *Offshore Newfoundland Petroleum Show* was held at Mile One Stadium. This exhibition hosted 128 exhibitors and had over 2500 people walk through the exhibits over a two-day period.

Keynote speakers during the conference included Mr. Danny McNease, President and CEO of Rowan Companies Inc.; Premier of Newfoundland and Labrador, Danny Williams; Minister of Natural Resources Canada, John Efford; and Andre Plourde, Assistant Deputy Minister, Natural Resources Canada.



Pre-Conference Social, Johnson GeoCentre



*Day Three Keynote Luncheon
The Honourable Danny Williams
Premier, Newfoundland and Labrador*

NOIA wishes to extend thanks to all the Conference Committee volunteers, for the commitment they put forth to organize this event.

NOIA's 2005 Conference, East Coast Canada Oil and Gas: New Basins, Strong Markets, Global Opportunities, will be chaired this year by Philip Whelan, NOIA's Past-Chairperson. ♠

Auditors' Report

To the Members of
Newfoundland Ocean Industries Association

We have audited the balance sheet of Newfoundland Ocean Industries Association as at December 31, 2004 and the statements of revenue and expenses, cash flows and changes in net assets for the year then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
January 11, 2005

Newfoundland Ocean Industries Association Statement of Revenue and Expenses

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
REVENUE		
Membership fees	296,234	322,960
Annual Offshore Conference	294,492	308,460
Special Projects		
Atlantic Canada Opportunities Agency	209,570	304,888
Other	11,150	13,979
Seminars and events	122,203	101,988
Miscellaneous	70,629	29,432
Members' luncheon fees	50,560	27,580
Newsletter	50,476	56,353
Membership directory	5,921	13,622
25th Anniversary event	-	6,855
	1,111,235	1,186,117
EXPENSES		
Programs and administration	870,806	816,211
Annual Offshore Conference	148,547	128,084
Special projects	88,047	184,159
	1,107,400	1,128,454
EXCESS OF REVENUE OVER EXPENSES	3,835	57,663

Newfoundland Ocean Industries Association Statement of Changes in Net Assets

Year ended December 31, 2004

	Invested in		2004	2003
	Capital		Total	Total
	Assets	Unrestricted	\$	\$
	\$	\$	\$	\$
BALANCE, BEGINNING OF YEAR	37,339	558,679	596,018	538,355
Purchase of capital assets	11,834	(11,834)	-	-
Amortization of capital assets	(11,943)	11,943	-	-
Excess of revenue over expenses	-	3,835	3,835	57,663
BALANCE, END OF YEAR	37,230	562,623	599,853	596,018

Newfoundland Ocean Industries Association Balance Sheet

December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
ASSETS		
CURRENT		
Cash and short term investments	640,752	634,403
Accounts receivable		
Atlantic Canada Opportunities Agency	63,743	25,908
Members and trade	18,764	34,840
Prepaid expenses	7,371	4,634
Scholarship fund in trust (Note 4)	13,739	13,544
	744,369	713,329
CAPITAL ASSETS (Note 2)	37,230	37,339
	781,599	750,668
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	80,335	109,106
Deferred revenue (Note 3)	8,971	32,000
Prepaid memberships	78,701	-
Scholarship fund in trust (Note 4)	13,739	13,544
	181,746	154,650
NET ASSETS		
Invested in capital assets	37,230	37,339
Unrestricted	562,623	558,679
	599,853	596,018
	781,599	750,668

Approved by the Board:



Philip Whelan, Chairperson



Leslie Galway, President and Chief Executive Officer

**Deloitte
& Touche**

Newfoundland Ocean Industries Association
Statement of Cash Flows

Year ended December 31, 2004

	<u>2004</u>	<u>2003</u>
	\$	\$
OPERATING ACTIVITIES		
Excess of revenue over expenses	3,835	57,663
Adjustments for:		
Amortization	11,943	12,212
Changes in non-cash operating working capital	2,405	107,628
	<hr/> 18,183	<hr/> 177,503
 INVESTING ACTIVITY		
Purchase of capital assets	(11,834)	(12,539)
	<hr/>	<hr/>
 NET INCREASE IN CASH AND SHORT TERM INVESTMENTS	 6,349	 164,964
 CASH AND SHORT TERM INVESTMENTS, BEGINNING OF YEAR	 634,403	 469,439
	<hr/>	<hr/>
CASH AND SHORT TERM INVESTMENTS, END OF YEAR	640,752	634,403
	<hr/>	<hr/>
 CASH AND SHORT TERM INVESTMENTS CONSIST OF:		
Cash	109,734	76,367
Short term investments	531,018	558,036
	<hr/>	<hr/>
CASH AND SHORT TERM INVESTMENTS	640,752	634,403
	<hr/>	<hr/>

Newfoundland Ocean Industries Association

Notes to the Financial Statements

December 31, 2004

1. DESCRIPTION OF BUSINESS

Newfoundland Ocean Industries Association ('NOIA') is incorporated under the Newfoundland Companies Act as an organization not having share capital. NOIA is a group of 428 member companies who share a common interest in offshore/onshore oil and gas sector.

NOIA's mission is to promote development of East Coast Canada's hydrocarbon resources and to facilitate its membership's participation in oil and gas industries.

NOIA is a qualifying entity under the Income Tax Act of Canada and is not subject to income tax.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Revenue recognition

Membership fees are billed on a yearly basis and recognized as revenue on a fiscal year basis. Special projects funding is recognized as revenue in the year in which related expenses are incurred. All other revenue is recognized when services are provided and collection is reasonably assured.

Capital assets

Capital assets are recorded at cost, net of government assistance. Amortization is provided on both the declining balance and straightline bases, at rates which will reduce original cost to estimated residual value over the useful life of the assets.

		2004		2003	
	Rate	Cost	Accumulated Amortization	Net Book Value	Net Book Value
		\$	\$	\$	\$
Computers	30%	44,309	17,428	26,881	29,089
Furniture and equipment	20%	20,723	10,374	10,349	8,250
		65,032	27,802	37,230	37,339

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

3. DEFERRED REVENUE

Deferred revenue relates to funding received from the Atlantic Canada Opportunities Agency (ACOA) in the current year for future expenditures.

4. SCHOLARSHIP FUND

In 1997, NOIA announced the establishment of the "NOIA Hibernia Commemorative Scholarship Fund". This fund will offer an annual scholarship of \$1,000 to a graduating Newfoundland high school student entering post-secondary studies who intends to pursue a petroleum-related career. The scholarship will be awarded to the student who best meets academic, extra-curricular and needs criteria.

5. COMMITMENTS

NOIA has entered into commitments for the lease of office premises and equipment, which will result in the following future expenditures:

	\$
2005	54,000
2006	55,500
2007	59,500
2008	7,400
2009	1,600

The office lease is due for renewal in 2007.

6. FINANCIAL INSTRUMENTS

The carrying value of the Association's financial instruments approximates their fair value due to the short term maturity and normal credit terms of these instruments.

**Deloitte
& Touche**

Thank you to our invaluable volunteers throughout 2004!

20th Annual International Petroleum Conference Committee

Conference 2004
Kevin Roche - Chair
Jeff Bugden
Gordon Carrick
A.J. (Phonse) Fagan
Ed Foran
Don Forbes
Leslie Galway
Ruth Graham
Anders Kullerud
Gerrit Maureau
Greg McKenney
Mark Moyer
Paul Schuberth
Margot Bruce-O'Connell
George Osmond
Glen Sansom
G. Lee Shinkle
Jackie Spurrell

Beyond our Borders: Export Opportunities in the Oil and Gas Industry Seminar

Rob Strong - Chair
Beverley Bishop
Jerry Byrne
Brian Condon
Leslie Galway
Heather Mills Snow
Mark Shrimpton
Jackie Spurrell
Keith Warren
Phil Whelan

External Communications and Government Relations Committee

Bob McCarthy - Chair
Max Ash
Ivan Muzychka
Dr. Ciaran O'Shea
Harry Pride
Heather Smith
Kimberley Thornhill

Industrial Opportunities Sub-Committee

Jerry Byrne - Chair
Jerry Bishop
Bernard Collins
Susan Davis
Dana Feltham
Leslie Galway

Tony Goobie
Steve Millan
Bill Newton

Labour and Human Resources Policy Sub-Committee

Caron Hawco - Chair
Tony Goobie.
Christine Fagan
Fred Murrin
Barry North
Kevin Roche
Mark Dykeman
Morgan Cooper
Susan Whitten
Leslie Galway
Dana Feltham

Opportunities in the Orphan Basin Seminar

Jerry Byrne - Chair
Paul Barnes
Beverley Bishop
Gerry Bishop
Neil DeSilva
Michael Enachescu
Leslie Galway
Tony Goobie
Dave Hawkins
George Osmond
Jackie Spurrell
Doug Trask

Membership Services and Internal Communications Committee

Geoff Cunningham - Chair
Beverley Bishop
Pat George
Grant Hiscock
Cathy Ivany
Bill Lorenzen
Louise McCarter
Jackie Spurrell
Celina Stoyles
Rob Strong

Outstanding Contribution Awards Committee

Kevin Roche - Chair
Brian Condon
Allison Dancey
Phonse Fagan
Bill Newton
Heather Smith

Petroleum Industry Human Resources Committee

Susan Whitten - Chair
Paul Barnes
Paul Dinn
Leslie Galway
Glen Gibling
Tom Hawco
Michelle Leawood
Arthur Leung
Jeff O'Keefe
Gerri Putt
Philip Whelan

Policy and Research Committee

Tony Goobie - Chair
Mike Critch
Rob Crosbie
Leslie Galway
Glen Gibling
Bill Fanning
Dana Feltham
Bill Lorenzen
Bob McCarthy

Regulatory Issues Sub-Committee

Roy Farrell - Chair
Jim Burroughs
Dana Feltham
Ed Foran
Leslie Galway
Tony Goobie
Bill Newton

Reciprocity: Moving Toward Global Simplification Seminar

Philip Whelan - Chair
Graham Bagnell
Paul Barnes
John Dickie
Roy Farrell
Tom Hickey
Ellen Innes
Diann Kerfont
Bernie MacDonald
Kevin Roche
Bob Rutherford
Jackie Spurrell
Ian Wallace