



**Noia Submission to the Canadian Environmental Assessment Agency
Re: Flemish Pass Exploration Drilling Project and Eastern Newfoundland Offshore Exploration Drilling
Project Draft Environmental Assessment
March 15, 2019**

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Introduction

The Newfoundland and Labrador Oil & 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 approximately 600-member organizations worldwide who are involved in, or benefit from, the oil and gas industry of Newfoundland and Labrador.

Noia is pleased to have the opportunity to comment on the draft Environmental Assessment Report and commends the Canadian Environmental Assessment Agency for considering the exploration projects of Equinor Canada in the Flemish Pass Basin (80129) and ExxonMobil Canada in the Jeanne d'Arc and Flemish Pass basins (80132) together in an effort to increase efficiency and prevent consultation fatigue.

Newfoundland and Labrador Offshore

The offshore oil and gas industry is one of tremendous importance to Newfoundland and Labrador. To quantify that importance, Noia engaged 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 at that approximate level for seven years. The industry currently contributes more to the provincial economy than the three next-highest 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 and over \$1.4 billion in 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 our offshore oil and gas industry.

The study forecasts that royalty and tax revenue to Newfoundland and Labrador can 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.

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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 in just one year.

Offshore Exploration Activities

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 the 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 environmental performance indicators, regulating oil spill preparedness and response, as well as public consultation and decision making.

Noia understands the C-NLOPB was engaged as part of the development of this draft Environmental Assessment Report as were a number of governmental departments and agencies. Noia is pleased with the involvement of the C-NLOPB as the life-cycle regulator adjacent to the resource. Further, Noia would like to indicate that the Government of Canada and the Government of Newfoundland and Labrador have drafted an agreement to conduct a regional assessment of offshore oil and gas exploratory drilling east of Newfoundland and Labrador. The intention of this agreement is to create an assessment to stand for the region and thus improve efficiency and reduce the need to conduct individual assessments for all exploration drilling program. The context and intent of this draft agreement should be considered when reviewing the proposals of Equinor Canada and ExxonMobil Canada.

Draft Environmental Assessment Report

As indicated in the draft Environmental Assessment Report, large oil spills during exploration are not common and the proponents have proposed mitigation measures and are also subject to the requirements of the C-NLOPB for well capping and containment plans. The proponents have proposed mitigation activities which aim to protect marine habitat and marine life and use processes based upon decades of implementation and current best practices and in accordance with stringent federal legislation and regulations.

Noia also supports the sharing of information learned during the assessment process by the proponents to ensure the entire industry is knowledgeable and prepared for activity. The sharing of information should also lead to more efficient review processes, and thus, further exploration activity which benefits the entire industry.

Noia believes that consultation as part of the process is important, and such consultation should occur with those potentially impacted and who have specific knowledge or expertise based in fact and science. Noia is encouraged by the consideration of socioeconomic factors as part of the review process as this is important context and critical to a fulsome review occurring.

The proponents have undertaken significant work to evaluate the project, provide details about potential impacts, and respond to inquiries of the Agency, the public, and interested groups.

Noia agrees with the Canadian Environmental Assessment Agency that significant environmental impacts are not likely for both projects given the stringent guidelines, regulations, and practices involved. Noia supports these projects.

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 when the draft Environmental Assessment Report of the proponents is reviewed. Again, Noia supports the approval of these projects.

Sincerely,



Charlene Johnson
Noia CEO