

40

NOIA | **40**
YEARS | **2017**
Learning from the past. Focused on the future.

ANNUAL REPORT

OVERVIEW

Mission

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

Profile

Founded in 1977, Noia (Newfoundland and Labrador Oil & Gas Industries Association) is the largest offshore oil & gas industry association in Canada with close to 600 members.

Noia members provide products and services for the petroleum sector. Noia associate members include petroleum companies, trade associations, educational institutions and government bodies and agencies at the municipal, provincial and federal levels.

As a member-directed association, Noia provides:

Access to Business Opportunities

Noia captures and disseminates information relevant to its membership's business opportunities. Noia gathers and provides analysis of information that is relevant to the market segments of the Noia membership, for the purpose of facilitating participation in the local oil & gas industry.

A Voice for the Supply and Service Sector

Advocacy is a fundamental component of Noia's activities. Noia works to influence outcomes in public policy, industry policy and resource allocation decisions within political, economic and social systems and institutions that directly affect its members' participation in the oil & gas industry.

Industry Promotion

Noia creates awareness and promotes the positive impacts of the industry to stakeholders, external groups and the public. Noia's marketing and communications activities raise the profile of the Newfoundland and Labrador oil & gas industry to a national and international audience.

Networking and Events

Noia provides members with a wide-ranging program of events aimed at introducing its members to key stakeholders in the industry. These events include its flagship event, Noia's annual conference, networking lunches, seminars and supplier development sessions.

To deliver its membership programs and services effectively, Noia has established a strong network of volunteers and a highly-skilled staff team.

As a not-for-profit organization, Noia is governed by a volunteer Board of Directors that provides strategic direction to the Association's professional staff. The Board's Chair, Vice-Chair, Past-Chair and Treasurer, together with the Noia CEO, make up the Executive Committee.

Table of Contents

4	2017 Board of Directors
4	Outgoing Board Members
4	Noia Staff
5	Message from the Chair
6	2017 Noia Committees
7	2017 At A Glance
8	2017 Industry Highlights
14	2017 At Noia
24	Auditors' Report and Financials
34	Thank you to our 2017 Sponsors

2017 BOARD OF DIRECTORS



Chair
Andrew Bell
K&D Pratt



Vice-Chair
Liam O'Shea
Atlantic Offshore
Medical Services



Treasurer
Michael Critch
NSB Energy



Past-Chair
Raymond Collins
PF Collins International
Trade Solutions



Director
Kerri Best
Flourish Energy



Director
Mark Collett
Crosbie Group



Director
Jason Fudge
DF Barnes



Director
James Parmiter
Cahill Group



Director
Christian Somerton
Pennecon Energy
Marine Base



Director
Torfi Thorarinson
TechnipFMC Canada



Director
Hank Williams
Cougar Helicopters



Director
Karen Winsor
Atlantic XL

OUTGOING BOARD MEMBERS

Past-Chair – **Raymond Collins**, PF Collins International Trade Solutions
Director – **Kerri Best**, Flourish Energy
Director – **Christian Somerton**, Pennecon Energy Marine Base
Director – **Hank Williams**, Cougar Helicopters
Director – **Torfi Thorarinson**, TechnipFMC Canada

STAFF

Beverley Bishop, Manager, Member Services
Marilyn Buckingham, Communications Coordinator
Jennifer Collingwood, Director of Communications
Katrina Kum, Manager, Marketing & Events
Debbie Rideout, Executive Coordinator
Byron Sparkes, Senior Policy Advisor
Stephanie Walsh, Administrative Assistant

MESSAGE FROM THE CHAIR

2017 saw many positive developments in our industry. In late December of 2016, Hibernia Management and Development Company Ltd. and ExxonMobil Canada announced that the Hibernia GBS had produced its one billionth barrel of oil – representing an amount higher than originally expected and indicating the likelihood of the projected life of the project extending beyond 2040. And then in May 2017, Husky Energy and its partners, Suncor Energy and Nalcor Energy, announced it was moving forward with the West White Rose project, bringing with it significant employment and procurement opportunities. Husky also announced a new discovery at Northwest White Rose. While still being assessed, a potential development could leverage the SeaRose FPSO's existing subsea infrastructure and the new wellhead platform. In November, Hebron – the province's fourth major oil field development – produced first oil. Rounding out the year, in December, ExxonMobil Canada issued an Expression of Interest (EOI) for the supply of a mobile offshore drilling unit to undertake exploration drilling in the Flemish Pass as early as 2019.

Also positive was the recovering price of oil. According to the U.S. Energy Information Administration (EIA), although renewable energy is the world's fastest-growing energy source, fossil fuels remain dominant and are expected to supply 77 per cent of the world's energy consumption in 2040. On December 31, 2017, Brent was trading at \$67 per barrel and by late January 2018, the price reached over \$70 per barrel. EIA's long-term Brent price forecast in 2017 is for Brent to average \$91 in 2022 and reach \$100 in 2025.

While these are clearly reasons for optimism, our industry remains fraught with regulatory issues that are increasing uncertainty and costs while threatening our global competitiveness. These include proposed CEAA legislation, regulatory requirements and approval processes (OHS and FORRI), GHG emissions and carbon tax, competitive offshore royalty regime, UNCLOS Article 82 and marine protected areas, and have been the focus of Noia's advocacy to both levels of government throughout 2017.

When I moved into the role of Chair a year ago, I committed to advocating about these issues on your behalf. Removal of roadblocks as a means to faster development of our resources has remained a top priority for Noia since that time. During 2017 we lobbied all levels of government, repeatedly expressing our concerns to Minister Coady, Premier Ball, Ministers Carr and McKenna – even directly to Prime Minister Trudeau. We have taken to the airways and our message has been heard by local, national and international audiences.

I'm also pleased that Noia "opened its doors" this year to being more collaborative with other provincial industry associations. Seeing the value in strength in numbers, we established new relationships with NEIA, NATI, the Board of Trade and many other labour and business groups. While we all may have different core focuses, we share a common goal of achieving the very best outcomes for Newfoundlanders and Labradorians.

I offer sincere thanks to my fellow Board members and the Noia staff for their commitment and dedication this year. I would also like to welcome Noia's new CEO, Charlene Johnson, whose appointment was announced in December. The Board of Directors has full confidence in Charlene's ability to, along with the Board and staff, lead the organization as it continues to fulfill its mission of promoting development of our offshore resources and maximizing our members' opportunities both here in Newfoundland and Labrador and in global offshore oil & gas industries.

Finally, and most importantly, thank you – Noia members – for your participation and support in 2017. I look forward to continuing to work with you and for you in 2018 as past chair.



Andrew Bell
Chair, Noia Board of Directors



2017 COMMITTEES

2017 Industry Achievement Awards Committee

Raymond Collins, PF Collins International Trade Solutions (Chair)
Robert Crosbie, Crosbie Group of Companies
Janet Green, Aker Solutions
Mark Ploughman, Research & Development Corporation of NL

2017 Conference Program Committee

Sean Power, DF Barnes (Chair)
Margaret Allan, Husky Energy
Margot Bruce-O'Connell, ExxonMobil Canada
Alex Collins, Statoil Canada
Michael Critch, NSB Energy
John Downton, Suncor Energy
Bill Fanning, Kvaerner Canada
Jason Muise, TechnipFMC Canada
Andrew Noseworthy, ACOA
Lynn Sullivan, Department of Natural Resources
Doug Trask, Research & Development Corporation of NL
Richard Wright, Nalcor Energy

2017 Fall Seminar Committee

Christian Somerton, Pennecon Energy Marine Base (Chair)
Paul Barnes, CAPP
Jason Muise, TechnipFMC Canada
James Parmiter, Cahill Group
Karen Winsor, Atlantic XL
Steve Young, Vale

2017 Noia – Hibernia Scholarship Committee

James Parmiter, Cahill Group
Christian Somerton, Pennecon Energy Marine Base

Finance, Audit & Risk Committee

Mike Critch, NSB Energy (Chair)
Jason Fudge, DF Barnes
Christian Somerton, Pennecon Energy Marine Base
Karen Winsor, Atlantic XL

Governance and Human Resources Committee

Andrew Bell, K & D Pratt (Chair)
Kerri Best, Flourish Energy
Liam O'Shea, Atlantic Offshore Medical Services
Torfi Thorarinson, TechnipFMC Canada

Research, Policy and Communications Committee

Raymond Collins, PF Collins International Trade Solutions (Chair)
Mark Collett, Crosbie Group
James Parmiter, Cahill Group
Hank Williams, Cougar Helicopters

2017 AT A GLANCE

January

- C-NLOPB approves four-year extension to Corridor Resources existing nine-year EL 1153 on the Old Harry prospect.

February

- C-NLOPB issues Call for Nominations (Areas of Interest) NL17-CFN01 – South Eastern Newfoundland on February 2 with a closing date of April 26.
- C-NLOPB identifies two-part sector within Eastern Newfoundland Region, to be available in 2018 licensing round

April

- C-NLOPB approves Corridor Resources request to delay a consultation on an environmental assessment of its drilling plans.
- C-NLOPB issues Call for Bids NL17-CFB01 on April 3 for three parcels of land in the Jeanne d'Arc Region with a deadline of November 8, 2017.
- C-NSOPB approves an application on April 20 from BP Canada Energy Group ULC to consolidate four exploration licences (ELs) 2431, 2432, 2433 and 2434.
- C-NLOPB's Call for Nominations (Areas of Interest) NL17-CFN01 – South Eastern Newfoundland closes April 26.

May

- Husky Energy announces it will immediately proceed with the West White Rose Project.
- Husky Energy announces a new oil discovery at North-west White Rose on the A-78 well.

June

- The Hebron platform departs Bull Arm June 3 and is installed at its offshore location June 14.
- C-NLOPB announces Sector NL02-SEN (South Eastern Newfoundland Region) will be made available for licensing in the 2020 Call for Bids.

July

- The *Skandi Vinland* offshore supply ship arrives July 1 to support Husky Energy's offshore operations
- Statoil announces completion of a two-well exploration drilling program in the Flemish Pass Basin. Neither well resulted in the discovery of hydrocarbons.
- C-NSOPB issues call for three offshore parcels in the Sydney Basin with a bid deadline of December 14, 2017.

August

- NU-Oil & Gas announces renewal of its western Newfoundland Garden Hill PL 220-01(A) onshore petroleum lease.
- Shoal Point Energy's application to resume drilling on its

western Newfoundland EL 1070 is rejected by the C-NLOPB for technical reasons.

- C-NLOPB amends the closing date of Call for Bids NL16-CFB03 (Labrador South Region) from November 8, 2017 to 120 days following the completion of the Strategic Environmental Assessment update.
- Hebron's 25-year production license PL 1012 is issued by the C-NLOPB August 28

September

- The annual *SeaRose* FPSO maintenance turnaround is completed on schedule.
- C-NLOPB issues Call for Nominations (Parcels) NL17-CFN02 for land within Eastern Newfoundland Sector NL03-EN-01A and NL03-EN-01B with a closing date of November 15, 2017.
- C-NLOPB issues Call for Nominations (Parcels) NL17-CFN03 within the Jeanne d'Arc Region with a closing date of November 15, 2017.

October

- Energy East Pipeline project is cancelled, casting doubt on prospects for Nova Scotia's Bear Head and Pieridae Energy LNG megaprojects.
- The Terra Nova offshore oil field achieves 400 million barrels of produced oil.

November

- Newfoundland and Labrador puts its generic offshore oil royalty regime into force in early November.
- Jack-up rig Noble Regina Allen arrives in Halifax November 7 aboard heavy load carrier *Forte* prior to starting two years' work to decommission the Sable gas field and cap the wells.
- C-NLOPB announces Call for Bids NL17-CFB01 resulted in a successful bid of \$15,098,888 in work commitments for Parcel 1 from Husky Oil Operations Limited (50%) and BP Canada Energy Group ULC (50%). No bids were received for Parcels 2 or 3.
- Hebron produces first oil on November 27, a month ahead of schedule.
- The Fraser Institute announces Newfoundland and Labrador ranks as the most attractive Canadian jurisdiction for oil & gas investment and the fourth most attractive jurisdiction worldwide this year.

December

- NU-OIL & Gas announces the primary objectives of its PL 220-01(A) Garden Hill work program are complete.
- C-NSOPB announces no bids were received for three offshore parcels in the Sydney Basin by the December 14 deadline and the parcels are no longer up for bid.



The Hebron GBS departed Bull Arm on June 3 and was installed at its offshore location on June 14. First oil was produced a month ahead of schedule, on November 27.

2017 INDUSTRY HIGHLIGHTS

White Rose

Husky Energy announced in May that it was moving forward with the West White Rose Project. The company will utilize a fixed wellhead platform tied back to the *SeaRose* FPSO. The platform has already received regulatory approval.

First oil is expected in 2022 and the project is anticipated to achieve peak production of roughly 75,000 barrels of oil per day by 2025. The project has an anticipated net cost of \$2.2 billion to first oil and \$3.6 billion for full project life. It is expected to create 250 permanent jobs during steady state operations, with 1500 people indirectly employed.

Project costs are estimated at \$3.2 billion and most of the major contracts have been announced, including construction of the accommodations module by Kiewit Offshore Services in Marystown and the concrete gravity structure (CGS) which will be constructed in Argentina by a general partnership between SNC Lavalin, Dragados and local company Pennecon (SDP General Partnership).

Other major awards include:

- Engineering and design work for the CGS: Arup
- Mating of the topsides and CGS: Allseas, using the *Pioneering Spirit*, currently the world's largest construction vessel
- Detailed engineering design for topsides/drilling: Wood Group
- Topsides fabrication and construction: Kiewit Offshore Services, Texas
- Transportation of the completed topsides from Texas to Newfoundland: Dockwise Shipping B.V.
- Engineering, procurement, construction and installation of subsea equipment to connect the CGS to *SeaRose*: Technip FMC
- Tow-out and installation of the CGS: Kvaerner Canada

Design changes were made during the two-year project hiatus and resulted in a taller and wider concrete base structure, leading to increased engineering and construction work in the province. An anticipated 10 million hours of work time will be performed locally, with 700 to 800 people employed during peak construction in Argentina.

2017 INDUSTRY HIGHLIGHTS

“Over the years the Atlantic business has provided some of the strongest returns in the company’s portfolio and West White Rose is the next chapter,” said CEO Rob Peabody. “This project is of a scale approaching the original White Rose development and is able to use the existing *SeaRose* FPSO to process and export production.”

Also in May, Husky announced a new oil discovery at Northwest White Rose on the A-78 well, approximately 11 kilometres northwest of the *SeaRose* FPSO. The discovery was still being assessed in 2017, but a potential development could leverage the *SeaRose*, existing subsea infrastructure and the new West White Rose wellhead platform.

Drilling during 2017 on the White Rose field included the A-78 delineation well, two production wells on the South White Rose Extension and North Amethyst, as well as a water injection well at South White Rose. Work is underway on an additional infill well into the main White Rose Field, in the South Avalon pool. This work was carried out by the Henry Goodrich drill rig.

The *Skandi Vinland* offshore supply ship arrived July 1 – right on schedule – and has been a great asset to the field, said a Husky spokesperson. “It was a fun welcome for the vessel,” the spokesperson said. “The local general manager and his wife – the vessel’s ‘godmother’ – were at Prosser’s Rock to welcome her, waving a Canada flag tied to a hockey stick. There was also a chorus of horns from all ships in the harbour as the vessel arrived in her new home port.”

The annual maintenance turnaround on the *SeaRose* FPSO was completed on schedule during September.

Hebron

The province’s fourth major oil field development produced first oil on November 27, a month ahead of schedule.

“It is a privilege to join fellow Newfoundlanders and Labradorians today in the celebration of first oil for Hebron, demonstrating ingenuity and hard work by all,” commented Natural Resources Minister Siobhan Coady. “With four operating platforms and incredible prospectivity, we are positioning the province as a preferred global location for oil & gas development – a strategy that is working.”

In late 2016, the topsides of the Hebron platform was floated over – and mated with – the concrete platform, in the waters of Bull Arm. Installation of the 50,000-tonne topsides set a new industry record for the heaviest marine float-over and mating operation.

The completed Hebron platform left Bull Arm on June 3, towed by eight anchor-handling tugs from Maersk and Atlantic Towing, and installed successfully at its offshore location on June 14. Prior to tow, the project completed over 40 million work hours without a lost time incident, making it one of the safest construction projects ever for the province.

Drilling commenced during the summer, as planned. The project’s 25-year production license – PL 1012 – was issued by the Canada-Newfoundland Offshore Petroleum Board (C-NLOPB) on August 28.

Hebron is estimated to contain approximately 700 million barrels of recoverable oil. Production capacity will be 150,000 barrels of oil per day, at peak.



Hebron produced first oil on
November 27, 2017 –
a month ahead of schedule.

2017 INDUSTRY HIGHLIGHTS

Terra Nova

Terra Nova's latest drilling program, working with the Transocean Barents, began over the summer and is expected to continue for 15 months. The work scope includes maintenance of existing wells and drilling of new wells in the Terra Nova field.

The planned maintenance turnaround on the *Terra Nova* FPSO took place in the third quarter and was completed safely.

Terra Nova is currently pursuing an Asset Life Extension (ALE) project. "We anticipate finalizing the ALE project scope and working towards a go/no go decision by early 2019," said a spokesperson.

In October, Terra Nova reached a significant achievement of 400 million barrels of produced oil.

In late 2017, Suncor's St. John's office relocated to the new Suncor Centre on Kelsey Drive.

Hibernia

The Hibernia platform restarted drilling early in 2017, following upgrades to its two drilling rigs last year, and continued the year in steady state operations.

The semi-submersible rig West Aquarius completed an intensive drilling program of production wells by the second quarter.

The offshore development, the first oil producer offshore Newfoundland and Labrador, celebrated 20 years of production in November. In December 2016 it reached the milestone of one billion barrels of produced oil. Due to emphasis on maintenance and integrity work, it is expected to continue to be a safe, reliable operation well into the future.

Flemish Pass Basin

In July, Statoil announced that it had completed – with its partner, Husky Energy – a two-well exploration drilling program in the Flemish Pass Basin, about 500 kilometres east of St. John's. Neither well, located within tie-back vicinity of Statoil's 2013 Bay du Nord discovery, resulted in the discovery of hydrocarbons.

"These results are disappointing, as we had hoped to add additional optionality to the near-field area at Bay du Nord," said Trond Jacobsen of Statoil. "We will now take the time needed to evaluate the results before firming up any plans for additional drilling near-field to Bay du Nord."

Statoil continued to evaluate future drilling activities in other areas of its frontier Flemish Pass Basin acreage in 2017.

Western Newfoundland

In January, the C-NLOPB approved a four-year extension to **Corridor Resources'** existing nine-year license EL 1153 – **the Old Harry prospect** – in the Gulf of St. Lawrence.

In April, the C-NLOPB approved a request from Corridor Resources to delay a consultation on an environmental assessment (EA) of its drilling plans, pending results from a controlled source electromagnetic (CSEM) survey and subsequent review of its spill trajectory modeling.

"Since EA consultations should be based on the most accurate and relevant information, the C-NLOPB agrees with your proposed approach," wrote Scott Tessier, head of the province's offshore regulator. "Please keep in mind that time has been afforded by the C-NLOPB and governments to validate a well for EL 1153 on or before January 2020... Corridor should not expect any further extensions."

In August, **NU-Oil & Gas** announced that its PL 220-01(A) onshore petroleum lease in western Newfoundland was renewed for five years and would now expire in August 2022.

The license conditions and area, covering the **Garden Hill prospect**, have not changed. The company says that Garden Hill is "a proven hydrocarbon bearing accumulation beneath the Port-au-Port peninsula that is estimated... to contain between 83 and 341 million barrels of oil in-place."

The program will be carried out in two phases, the company said in a release.

"The first phase involves a wireline operation to clean up the PAP#1-ST#3 well and mill out a physical obstruction in the completion that is believed to have been restricting

2017 INDUSTRY HIGHLIGHTS

flow. The well will then be flowed for a period anticipated to be between 15 and 30 days to allow for reliable analysis and evaluation of the resulting production. Subject to satisfactory results, a rig will be mobilized to site to undertake the second phase of the Work Program, which will include recompletion of the well and installation of an appropriate artificial lift system.”

The company announced on December 1 that it had completed its primary objectives of cleaning up the well and removing obstructions that had been preventing the well from flowing in advance of an extended well test.

Shoal Point Energy’s application to resume drilling on its EL 1070 prospect in western Newfoundland was rejected during August by the C-NLOPB. In the face of the province’s fracking moratorium, Shoal Point wanted to access the prospect using conventional drilling but that application was rejected by the board for technical reasons.

“Our only way forward in pursuit of a significant discovery on EL 1070 remains within 3K-39,” said CEO, Mark Jarvis. “Accordingly, our current engineering focus is on what activities in this bore hole, that are consistent with our regulatory approvals and license rights, have a good likelihood of resulting in a significant discovery without hydraulic fracturing. We expect to be able to report on our plans in the near future.”

Geoscientific data acquisition

The quest to better understand our offshore potential continued during 2017, with the gathering of more seismic data. TGS and Petroleum Geo-Services (PGS) announced four 3D projects for 2017, making this past summer one of the most active years ever for 3D seismic surveying offshore Newfoundland and Labrador.

In support of these projects, PGS operated three 3D vessels and one 2D vessel during the 2017 season – resulting in the most vessels they’ve ever had in Newfoundland and Labrador waters.

A portion of the season’s PGS/TGS activity directly supported Nalcor Energy’s ongoing multienterprise seismic program. One of the 3D vessels and the 2D vessel collected additional seismic data that will be offered to industry for purchase in advance of upcoming license

rounds. Nalcor’s seismic survey investments for this season total approximately 9,100 square kilometres of 3D data and 20,000 line kilometres of 2D data.

In 2015, Nalcor, in partnership with TGS and PGS, carried out the first multi-client 3D seismic data acquisition offshore Newfoundland and Labrador in advance of a scheduled license round. This year’s 3D survey will complement Nalcor’s multi-client 2D seismic program which has been ongoing since 2011.

The Nalcor-invested 3D survey is in the Eastern Newfoundland Region and covered a key region of the province’s 2018 license round area. In addition, this past season, Nalcor in partnership with Fugro, acquired approximately 10,000 square kilometres of multibeam bathymetry and over 150 seabed cores targeting upcoming license rounds areas.

Land tenure

On February 2, the C-NLOPB issued Call for Nominations (Areas of Interest) NL17-CFN01 – South Eastern Newfoundland. That call closed April 26.

On February 28, the C-NLOPB identified a sector comprised of two parts (A and B) in the Eastern Newfoundland Region to be made available in the 2018 licensing round. On September 5, the Board issued Call for Nominations (Parcels) NL17-CFN02 for parcels of land within this A/B sector – labelled Sector NL03-EN-01A and NL03-EN-01B – as well as Call for Nominations NL17-CFN03 (Parcels) for parcels of land in the Jeanne d’Arc Region. Submissions deadline was November 15, 2017. These Calls for Nominations will assist the C-NLOPB in selecting parcels for inclusion in the 2018 Calls for Bids. Any successful bidders would be awarded licenses in early 2019.

On April 3, the C-NLOPB issued Call for Bids NL17-CFB01, for three parcels of land in the mature Jeanne d’Arc Region, with a deadline of November 8, 2017. No bids were received for Parcels 2 or 3, however Parcel 1 received a successful bid of \$15,098,888 in work commitments from Husky Oil Operations Limited (50%) and BP Canada Energy Group ULC (50%).

On June 27, the C-NLOPB announced that Sector NL02-SEN (South Eastern Newfoundland Region) will be made available for licensing in the 2020 Call

2017 INDUSTRY HIGHLIGHTS

for Bids, pending board approval and government ratification under its scheduled land tenure system. Because this is a low activity area it has a longer lead schedule, allowing additional time for exploration assessment, environmental and other considerations.

On August 22, the C-NLOPB amended the closing date of Call for Bids NL16-CFB03 in the Labrador South Region, from November 8, 2017 to 120 days following the completion of the Strategic Environmental Assessment (SEA) update. A further announcement will be made once the revised closing date is determined.

Maritimes Oil & Gas Activity

Natural gas production from Encana's Deep Panuke and ExxonMobil's Sable Island fields continued its steady decline during 2017. Both operators have started planning for decommissioning of their respective fields. The jack-up rig Noble Regina Allen arrived in Halifax Harbour November 7 aboard the heavy load carrier *Forte*. The rig will be used over the coming two years to decommission the Sable gas field and cap the wells.

With one small producing gas field left in the Maritimes – McCully in New Brunswick – and a ban on fracking in Nova Scotia and New Brunswick, this is prompting speculation about whether the Canaport terminal in Saint John and the two-way Maritimes & Northeast Pipeline can meet demand and avoid potential price increases.

One bright spot is Alton Natural Gas Storage L.P. in Stewiacke, Nova Scotia – currently under construction

– which will store natural gas in large underground salt caverns. This will enable the operator to purchase gas when prices are low, such as during the summer, and store it for sale in winter, when demand is usually highest. The facility is expected to be operational by 2020.

Meanwhile, the early October cancellation of the Energy East Pipeline has cast doubt on prospects for development of two liquefied natural gas (LNG) mega-projects in Nova Scotia. The outlook seemed positive for the Bear Head facility until the Energy East cancellation threw its supply route into jeopardy. However, the situation is less dire – though still uncertain – for Pieridae Energy's proposed LNG plant in Goldboro, due to the site's ideal location and 20-year contract with a German utility to purchase half of the plant's annual output. However, the plant must first identify a secure source of supply.

After delaying its 2017 call for bids to allow completion of a comprehensive geoscientific assessment of the forecast area, the Canada-Nova Scotia Offshore Petroleum Board (C-NSOPB) issued a call for bids in July for three offshore parcels in the Sydney Basin, directly east of Cape Breton Island. The deadline for bids was December 14, 2017. Several days following the deadline the C-NLOPB announced that no bids had been received and the parcels were no longer up for bid.

On April 20, the C-NSOPB approved an application from BP Canada Energy Group ULC, interest representative for ELs 2431, 2432, 2433 and 2434, to enter into a consolidation agreement to consolidate these four exploration licences.

Newfoundland and Labrador was named the most attractive Canadian jurisdiction for oil & gas investment and the fourth most attractive jurisdiction worldwide by the Fraser Institute in 2017.

2017 INDUSTRY HIGHLIGHTS

The C-NSOPB said that the following key elements were considered by the Board in approving the consolidation application: the interest owner had demonstrated they had completed new and significant exploration activities on the exploration licenses and had provided reasonable geological basis for consolidation explaining how future exploration will be optimized by consolidation.

Statoil is moving forward with plans to explore two parcels offshore Nova Scotia. The company has committed to spending \$82 million combined over nine years on the two licenses.

“In recent years, we have also expanded our exploration position to offshore Nova Scotia,” said a Statoil spokesperson. “This frontier area is an opportunity for Statoil to advance its global exploration strategy related to early access at scale as a new entrant in the offshore, and Statoil is currently assessing the exploration potential of this area.”

New offshore oil royalty framework approved

The Province of Newfoundland and Labrador put its generic offshore oil royalty regime into force in early November with the publication of the Offshore Oil Royalty Regulations in the *Newfoundland and Labrador Gazette*.

The regulations apply only to future offshore oil developments, not those currently in production or under development. The regime consists of a basic royalty (to begin at first production) and a net royalty (to begin with project cost recovery). The regime has been in development for several years.

Newfoundland and Labrador ranked number one in country

November closed with an announcement by the Fraser Institute – an independent, non-partisan, Canadian public policy think-tank – that Newfoundland and Labrador now ranks as the most attractive Canadian jurisdiction for oil & gas investment and the fourth most attractive jurisdiction worldwide this year. This information came via the *2017 Global Petroleum Survey*, the Institute’s annual global survey of petroleum-sector executives.

In response to the news, Noia’s Board chair, Andrew Bell, stated “Newfoundland and Labrador has world class resources that are comparable to oil & gas jurisdictions such as Norway, the United Kingdom and the Gulf of Mexico. While we are very pleased to see these results, Noia is calling on the federal government to ensure that this ranking does not fall due to proposed legislative changes to the environmental assessment process and other over-regulation that only impedes timely development of our offshore oil & gas resources.”



Husky Energy announced in May that its West White Rose Project would proceed, almost immediately, with first oil expected in 2022 and peak production by 2025.



In celebration of Noia's 40th anniversary, past Noia Board chairs, Industry Achievement Award winners and individuals who have made a significant impact on our industry were invited to attend the Industry Achievement Awards luncheon on February 24. Left to right, special guests Tanny Collins, Sidney Hynes, John Crosbie, Paul Adams, Tim Lawrence, Phil Whelan, Caron Hawco and Lee Shinkle.

2017 at Noia - Networking and Events

Annual General Meeting

The 2017 Board of Directors was elected on February 2 at the association's Annual General Meeting at the Delta Hotel St. John's.

Andrew Bell succeeded Raymond Collins as Board chair. Mr. Collins moved into the past-chair role with Liam O'Shea taking over as vice-chair.

Additionally, Noia members elected five new directors:

- Mark Collett, Crosbie Group of Companies
- Jason Fudge, DF Barnes
- James Parmiter, Cahill Group of Companies
- Torfi Thorarinson, TechnipFMC Canada
- Karen Winsor, Atlantic XL

Mike Critch, NSB Energy, was also elected as Noia's Treasurer.

Dr. Steve Bonnell, environmental assessment practice leader with Amec Foster Wheeler Environment and Infrastructure, provided the keynote address at the AGM luncheon and Andrew Bell, incoming chair, addressed attendees. Mr. Bell noted that, as chair, he

planned to focus primarily on two areas – the first being faster development of our resources and the second being local content and enhanced opportunities for Newfoundland and Labrador-based companies.

At the AGM, Mr. Bell also noted that 2017 marks Noia's 40th year of representing the industry's supply and service sector.

"Founded in 1977, 2017 marks Noia's 40th anniversary and while it is important to acknowledge those who had the vision to establish and build the organization, it is also important that we learn from the past 40 years and apply those learnings to the future, which we know is very promising," he said.

Industry Achievement Awards

James (Jim) Thistle, QC, formerly of McInnes Cooper and Richard Mandeville of TechnipFMC Canada Ltd. were the recipients of the 2017 Outstanding Contribution Award and Rising Star Award, respectively. The contributions of both individuals were recognized at Noia's Industry Achievement Awards luncheon, held February 24 at the Delta Hotel St. John's.



A highlight of the 2017 Oil & Gas Conference was the luncheon keynote presentation by former premier, Brian Peckford, who delighted the audience with stories from the early days of our industry and association. He emphasized to never forget that the right of Newfoundland and Labrador to be the principal beneficiary of its offshore oil & gas resources is imbedded in the Atlantic Accord.

2017 at Noia - Networking and Events

The Outstanding Contribution Award recognizes exemplary individuals who have influenced the development of our local oil & gas industry and who have demonstrated qualities of vision, integrity and leadership through their work and lives. Noia was pleased to award this honour, posthumously, to Jim Thistle in honour of his 30 years' experience in the Newfoundland and Labrador oil & gas sector, including his key role in the negotiation and drafting of the Atlantic Accord and acting as general counsel for the Hibernia Project. Following a successful career in the oil & gas and legal industries, Jim passed away on March 3, 2016, after a brief battle with ALS.

The Rising Star Award was launched in 2014 to recognize the talents of an impressive individual who is 40 years of age or younger and has made remarkable strides in their role in the local oil & gas industry. Since joining Technip Canada in 2005, the 2016 winner, Richard Mandeville, P.Eng., has made a significant contribution to the company through his multi-project experience both onshore and offshore in the Grand Banks, Gulf of Mexico and North Sea markets.

The event also acknowledged organizations marking 30 or more years as Noia members and contributors to the

local oil & gas industry:

- ABM
- LeGrow's Travel
- Memorial University of Newfoundland
- Pennecon Energy M&M Engineering/Offshore

In celebration of Noia's 40-year anniversary, all past Noia Board chairs and Industry Achievement Award winners were invited as special guests and Noia unveiled its 40-year commemorative video, "Learning from the Past. Focused on the Future," as well as "Building an Industry," a video which celebrated Noia's early and founding members.

Oil & Gas Conference

Noia was proud to deliver its 33rd annual Oil & Gas Conference June 20–23 at the St. John's Convention Centre to over 1000 registered delegates from Newfoundland and Labrador, Canada and around the world.

"Even in this lower-for-longer environment, the state of our industry in eastern Canada remains strong. This year's conference, Offshore Newfoundland: Relevant, Untapped & Resilient, will deliver a robust program of

2017 at Noia - Networking and Events

timely information and insights from leading industry stakeholders and experts,” commented Sean Power, chair of the 2017 Conference Committee.

Building on the theme, speakers and delegates discussed Newfoundland and Labrador’s untapped resources – our incredible resource potential, exciting seismic findings, as well as the opportunities still available in our shallow water basins. Participants also discussed our relevancy – how Newfoundland and Labrador has world-class potential and, developed properly and with a long-term view, will become a major player in the global oil & gas industry. The conference also focused on our resiliency – how our supply and service companies are transforming how they do business in order to adapt to the lower-for-longer reality we find ourselves in and be prepared to fully support what we know will be a long-term, thriving industry.

Keynote addresses were delivered by the Honourable Dwight Ball, premier of Newfoundland and Labrador, the Honourable Siobhan Coady, provincial minister of natural resources, and the Honourable James Carr, federal minister of natural resources. Luncheon speakers were Rex Murphy, commentator for CBC’s The National and National Post columnist; Bruce Croxon, digital investor, entrepreneur and co-host of The Disruptors; as well as the Honourable Brian Peckford, former premier of Newfoundland and Labrador.

ExxonMobil Canada, Husky Energy, Navitas Petroleum, Nexen Energy, Nalcor Energy, Statoil Canada and Suncor Energy provided operator updates.

This year’s conference also featured an informative panel discussion focused on our untapped resources and how we can maximize these near-term opportunities efficiently and effectively. Led by a presentation by Jeff O’Keefe, director of resource management and chief conservation officer with the C-NLOPB, panelists were:

- John Henley, Vice President, The Cahill Group
- Robert Crosbie, Chair and CEO, Crosbie Group Ltd.
- Richard Pratt, Vice President, Atlantic Region Developments, Husky Energy
- Brian Rogers, Operations and Engineering Manager, Subsea 7 Canada

A number of other high-profile speakers also delivered informative presentations:

- Barry Munro, President, Ernst & Young Orenda Corporate

- Tim McMillan, President and CEO, CAPP
- Steve Bonnell, Environmental Assessment Practice Leader, Amec Foster Wheeler Environment and Infrastructure
- Julie Wilson, Research Director, Global Exploration, Wood Mackenzie
- Paul Mitchell Banks, Principal, Coast Consulting
- Scott Tessier, Chair and CEO, C-NLOPB
- Mariasha Jaffray, Continuous Improvement Manager, Oil & Gas UK
- Arild Selvig, VP Global Front End, Subsea Projects, TechnipFMC

According to a post conference survey, 2017 delegates were very satisfied with this year’s event:

85% of respondents felt Noia’s 2017 conference met or exceeded their expectations

93% of respondents felt there was adequate networking opportunities throughout the event

80% of respondents felt conference speakers delivered valuable information

91% of respondents said they plan to attend Noia’s 2018 conference

Noia Annual Golf Tournament

Following a break in 2016, Noia was pleased to once again host the Noia Golf Tournament August 24–25 at the Terra Nova Golf and Resort Community. Close to 100 Noia members took part in this popular event which included an evening networking social featuring live music.

Fall Seminar

On November 15, 2017, Noia delivered its annual Fall Seminar at the Delta Hotel St. John’s. Titled NL Offshore: Prospectivity to Prosperity, this year’s seminar focused on what makes our oil & gas industry essential to



Noia's 33rd Oil & Gas Conference drew more than 1000 registered delegates from Newfoundland and Labrador, Canada and around the world.

2017 at Noia - Networking and Events

Newfoundland and Labrador. Seminar presentations examined socio-economic benefits and employment that is created during the exploration, development and production phases of projects; how our offshore prospectivity is viewed on the global stage and how we should position ourselves going forward; and the potential consequences to impeding exploration with regulatory hurdles, with consideration to the importance of drilling now, instead of later.

Building on this theme, morning speakers included Nalcor Energy Executive Vice-President Jim Keating, Mark Shrimpton of Stantec Consulting and Terry Abel, CAPP executive vice-president. A panel discussion, "Opportunities to Move from Prospectivity to Prosperity" featured Kris Drodge of Transocean, Bill Fanning of Kvaerner Canada and Jason Muise of TechnipFMC Canada. This year's keynote luncheon speaker was Carman Mullins, president of ExxonMobil Canada.

Society of Petroleum Engineers Distinguished Lecturer Series

In partnership with the Society of Petroleum Engineers (SPE), Noia hosts an annual series of luncheons featuring technical presentations. Two were held in 2017:

The Digital Oilfield – Collaborative Working at Global Scale
Speaker: Frans van den Berg, Shell
Date: February 14, 2017
Minimizing Environmental and Safety Risks to Sustain Resource Recovery – A Case Study

Speaker: Marina Voskanian, California State Lands Commission
Date: September 25, 2017

Networking Socials

Noia coordinated five networking socials during 2017:

Meet the Candidates Networking Social
Wednesday, January 25
Murray Premises Hotel

Spring Networking Social
Thursday, March 23
Comfort Inn Airport
Sponsored by Comfort Inn Airport

Pre-Summer Networking Social
Wednesday, May 17
YellowBelly Brewery & Public House
Sponsored by Stewart McKelvey

Fall Networking Social
Wednesday, October 1
Sheraton Hotel Newfoundland
Sponsored by Cox & Palmer

Holiday Reception
Wednesday, December 6
Glendenning Golf Course
Sponsored by Event 3Sixty

2017 at Noia - A Voice for the Supply and Service Sector

Noia participated in a number of consultations in 2017 on issues ranging from occupational health and safety to environmental assessment processes to climate change.

January

- Noia submitted comments on the Amendments to the Transitional Occupational Health and Safety (OHS) Regulations.

June

- Noia appeared as witness before the Standing Senate Committee on Energy, the Environment and Natural Resources with respect to the effects of transitioning to a low carbon economy, as required to meet the Government of Canada's announced targets for greenhouse gas emission reductions.
- Noia participated in consultations on the Proposed Policy Intent for Phase 2 of the Atlantic OHS Regulations.
- Noia submitted a response to the Report on the Modernization of the National Energy Board (NEB).

August

- Noia responded to the Honourable James Carr, federal minister of natural resources, regarding the proposed approach discussion paper which outlined

a series of system-wide changes the federal government is considering related to environmental assessment regulatory processes. These proposed changes were the primary focus of Noia's advocacy in 2017.

July

- Noia participated in Frontier and Offshore Regulatory Renewal Initiative (FORRI) Framework Regulations consultation (Phase 3). This included certificate of fitness regulations; installations analysis, design, construction, operation and maintenance regulations; systems and equipment design, operation and maintenance regulations; and support operations.

September

- Noia submitted comments on the FORRI Proposed Policy Intentions for Phase 3 of the Framework Regulations.
- Noia submitted comments on the Proposed Policy Intent for Phase 2 of the Atlantic OHS Regulations of the Atlantic Offshore OHS Initiative.
- Noia Chair Andrew Bell participated in a panel discussion with Prime Minister Trudeau and his cabinet and spoke of the importance of the offshore oil & gas industry to the province and the country. He also reiterated the importance of the federal government's support in ensuring it is developed efficiently and effectively.





Noia's Industry Achievement Awards luncheon saw the presentation of the Outstanding Achievement Award posthumously to James (Jim) Thistle, the Rising Star Award to Richard Mandeville and 30-year Noia membership plaques to ABM, LeGrow's Travel, Memorial University of Newfoundland and Pennecon Energy M&M Engineering/Offshore

2017 at Noia - Industry Promotion

Offshore Technology Conference

In May, Noia once again partnered with the Government of Newfoundland and Labrador to lead a delegation of more than 100 oil & gas industry stakeholders to OTC – the annual Offshore Technology Conference in Houston. OTC is the largest event in the world for the oil & gas industry, featuring more than 2,300 exhibitors and attendees representing 100 countries.

Noia members have been attending OTC for more than 30 years as it enables international exposure, provides opportunities for networking and exchange of industry information, as well as facilitates contracts and cooperative ventures.

"The Offshore Technology Conference enables Noia members to meet with international partners and make important connections to enable export opportunities," said Andrew Bell, chair of Noia's Board of Directors. "With an incredible deepwater future ahead of us, the conference also allows members to better understand emerging deepwater and harsh environment technologies, as well as showcase our own capabilities in those areas."

This year Noia once again hosted the OTC poolside reception. More than 300 guests attended this annual networking opportunity held at the DoubleTree Guest Suites in Houston.

SPE Offshore Europe Conference & Exhibition

Noia and the Maritimes Energy Association, along with the Atlantic Canada Opportunities Agency (ACOA) and the provinces of Nova Scotia and Newfoundland and Labrador, led an Atlantic Canadian Delegation to SPE Offshore Europe in Aberdeen from September 5–8, 2017.

SPE Offshore Europe is recognized as one of Europe's leading engineering and petroleum events. With more than 50,000 attendees, the conference provides participants with the opportunity to engage directly with technical experts from more than 1,000 suppliers.

Noia-Hibernia Scholarship

The Noia-Hibernia scholarship was established in 1997 – the year the Hibernia platform was completed and started drawing oil. It is designed to foster the bright minds that will shape the future of our province's oil

2017 at Noia - Industry Promotion

& gas industry. Valued at \$1,000, the award is presented annually to a graduating high school student in Newfoundland and Labrador who is entering post-secondary studies with the intention of pursuing a petroleum-related career. It recognizes excellence in both academics and extra-curricular areas.

Mikayla Chislett of Heart's Delight was the winner of the 2017 Noia-Hibernia Scholarship. The Crescent Collegiate graduate received her \$1,000 award at the Noia Fall Seminar on November 15 in St. John's.

Following her graduation from high school with a cumulative average of 95 per cent, Mikayla enrolled in Memorial University where she is currently studying engineering with the goal of working in the offshore oil & gas industry as an engineer.

Flight 491 Legacy Fund

The Flight 491 Legacy Fund Bursary and Scholarship Program was established to honour the memory of the victims of the crash of helicopter Flight 491 on March 12, 2009.

The legacy fund was an initiative of three stakeholder groups – Noia, CAPP and the St. John's Oilfield Technical Society – which solicited donations by corporations and individuals totalling over \$1.4 million at the time of the endowment agreement signing.

The awards, valued at a portion of the income on the endowment, are open to full-time undergraduate students entering their first year of study at Memorial University of Newfoundland, the Fisheries and Marine Institute and the College of the North Atlantic. The bursary is awarded based on demonstrated financial need and is renewable for up to three additional years of consecutive full-time study provided the recipient continues to maintain clear academic standing. The scholarship is awarded on the basis of scholarship standing and is renewable for up to three additional years of consecutive full-time study provided the recipient continues to maintain scholarship standing.

In 2017, the following students were selected by the post-secondary institutions to receive scholarships and bursaries:

Memorial University of Newfoundland

New Recipients:

Thomas Park, Irishtown, NL
Jennifer Coates, Gander, NL

Award Renewals:

Emily Quinlan, Clarenville, NL
Luke Steeves, St. John's, NL
Ryan Brown, Corner Brook, NL
Christian Pelley, Springdale, NL
Hannah Perry, Dartmouth, NS
Nathan Sheppard, Gander, NL

College of the North Atlantic

New Recipients:

Miranda Target, Port au Port, NL
Jessica Brown, Happy Valley-Goose Bay, NL
Jay Street, Port aux Basques, NL
Jessica O'Reilly, Paradise, NL
Devon Luscombe, Mount Pearl, NL
Ryan Kennedy, Coachman's Cove, NL
Michael Nagle, Torbay, NL
Travis Coombs, Plum Point, NL

Award Renewals:

Caitlin Bolt, Grand LePierre, NL
Cailey Drover, Upper Island Cove, NL
Jalai Al-Yazidi, Dartmouth, NS
Megan Ellis, St. John's, NL
Anika Schingnitz, Gander, NL

Fisheries and Marine Institute

New Recipients:

Abbey Robertson, Wolfville, NS
Brayden Hearn, Bristol's Hope, NL
Jaden Diamond, Botwood, NL
Courtney Tooze, St. John's, NL

Award Renewals:

Dylan May, Breadalbane, PEI
Michaela Barnes, Clarenville, NL
Aaron Kennedy, Middle Sackville, NS
Joshua Stewart, Harbour Breton, NL
Jordan Anstey, Marystown, NL



Noia members were among more than 20 organizations which participated in a trade mission to Guyana in September to learn more about opportunities in the newly-emerging oil & gas play.

2017 at Noia - Access to Business Opportunities

Supplier Development Sessions

Noia was pleased to support ExxonMobil Canada Properties, Hibernia Management & Development Company Ltd. (HMDC) and Husky Energy in the delivery of supplier information sessions for local companies interested in potential procurement opportunities by the major contractors of the Hebron and West White Rose projects.

The Hebron information session took place March 21 at the Delta Hotel St. John's. More than 350 suppliers heard presentations from ExxonMobil Canada Properties/HMDC and contractors Wood Group Canada, KCA Deutag Drilling Canada, Aker Solutions Canada, Parker Drilling Canada, Atlantic Towing and Teekay (Atlantic) Chartering ULC. Suppliers also had the opportunity to engage in one-on-one meetings with other project contractors Crosbie Salamis, East Coast Catering, Halliburton Group Canada, Schlumberger Canada, Score (Canada) and Weatherford Canada.

West White Rose supplier information sessions took place in Placentia (Star of the Sea Memorial Hall) on October 2 and St. John's (Delta Hotel St. John's) on October 3. Approximately 470 suppliers (120 in Placentia and 350 in St. John's) heard presentations from Husky Energy and SDP (SNC Lavalin-Dragados-Pennecon General Partnership), Kiewit Offshore Services and TechnipFMC. Participants were also able to have one-on-one meetings with these contractors.

Guyana Trade Mission

Noia, in partnership with the Atlantic Canada Opportunities Agency (ACOA), the Department of Tourism, Culture, Industry and Innovation (TCII) and the Newfoundland and Labrador Environmental Industries Association (NEIA) led a trade mission to Guyana during the week of September 11–15, 2017.

"Guyana is a frontier area for oil & gas exploration and development and may pose a substantial export opportunity for companies currently active in the Newfoundland and Labrador supply and service sector," said Andrew Bell, chair of Noia's Board of Directors. "This mission is an excellent example of how Noia strives to fulfill an important aspect of our mandate which is to facilitate members' participation in the global oil & gas industry."

The mission included pre-mission preparation, an information session, a networking reception and business to business (B2B) meetings with companies in the market. Mike Critch, treasurer of Noia's Board of Directors, also spoke at a public forum in Guyana during the mission.

Nineteen companies from Atlantic Canada participated in the mission and feedback from the delegates and Guyanese partners has been positive.

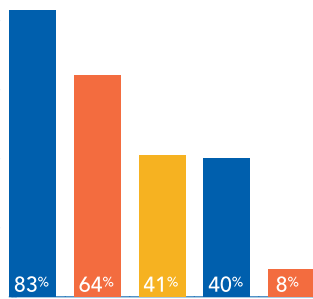
2017 at Noia - Member Survey

In late 2016/early 2017, Noia engaged MQO Research to deliver a detailed member survey to gauge membership opinions on several areas of interest to our overall industry and the related opportunities. The response rate was 27 per cent – 115 surveys were completed. Some key findings are noted below and full survey results are available upon request.



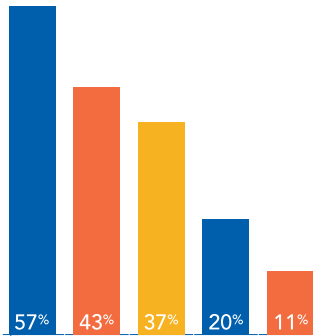
81% of respondents believe oil production in NL will continue to grow for the next 20 years

TOP CHALLENGES FOR INDUSTRY AND COMPANIES:



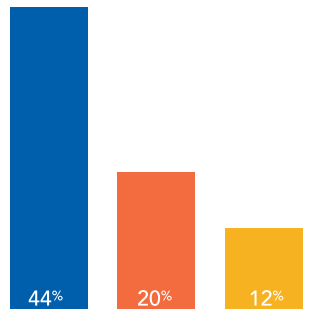
Industry Development Challenges:

- Low commodity prices (83%)
- Future exploration and investment (64%)
- Regulatory environment (41%)
- Lack of enforcement of benefits agreements and local provisions (40%)
- Availability of labour (8%)



Company challenges:

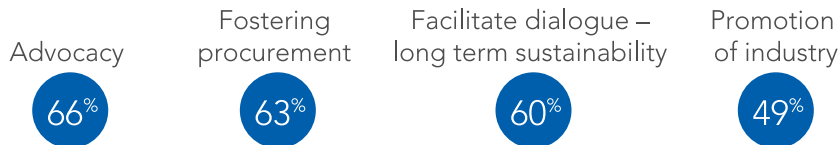
- Low commodity prices (57%)
- Lack of enforcement of benefits agreements and local provisions (43%)
- Future exploration and investment (37%)
- Regulatory environment (20%)
- Availability of labour (11%)



Who is responsible to address these challenges:

- Provincial government (44%)
- C-NLOPB (20%)
- Companies (12%)

Noia's role



The vast majority of members (82%) feel that the provincial government is supportive of the industry; while fewer feel the same about the federal government (51%)



The majority of members are satisfied with Noia's overall performance

According to members, Noia's priorities for the next 3-5 years should be:

- Fostering procurement opportunities for NL companies (36%)
- Advocacy on industry issues (23%)
- Facilitate dialogue on long-term sustainability of the industry (19%)
- Promotion of the industry (11%)
- Foster member relationships (9%)
- Identification of training needs (1%)
- Hosting industry events (1%)
- Don't know (1%)

2017 at Noia - New CEO Appointment

On November 23, 2017, Noia appointed Charlene Johnson as the association's new Chief Executive Officer (CEO).

"On behalf of the Board of Directors and Noia staff, I am very pleased today to announce Charlene Johnson as the new CEO of Noia," said Andrew Bell, chair of Noia's Board of Directors. "For forty years, Noia has played a vital role in the support and growth of the oil & gas sector. With a promising future ahead for the industry, Charlene will guide Noia through the next exciting phase of exploration and development. Her strategic thinking, proven leadership skills and ability to build collaborative partnerships will make her an excellent ambassador for our members."

Charlene has more than 11 years of experience representing not only her own constituents as a Member of the House of Assembly, but all residents of the province as a cabinet minister for seven of those years. This experience honed her ability to forge and manage complex relationships with a wide range of stakeholders and to represent their best interests. These skills are critical to speaking on behalf of Noia's core membership – the supply and service sector – as well as working with all parties – including operators, the regulator,

trade associations, educational institutions and government bodies – to advance timely development of the industry.

"While these have been challenging times in the oil & gas industry, the prospects for our offshore look very bright and with greater collaboration with industry stakeholders, opportunities abound," said Charlene Johnson. "I am both excited and enthusiastic to work with the Noia membership to spearhead that collaboration in order to advance our shared goals. Working together we will be well positioned to face the current and future challenges and poised to take advantage of the many potential opportunities both at home and abroad."

"Not only is Charlene a demonstrated leader, but her experience as a cabinet minister, participating in cabinet discussions and on numerous cabinet committees, along with her roles as minister of environment and parliamentary secretary to the minister of natural resources, enabled her to gain significant knowledge of the oil & gas industry, including legislation and policy, as well as the environmental assessment process," added Bell. "We look forward to Charlene's contributions to Noia and to the industry as we look ahead to the future."



In May, Noia launched refined social media channels:
 Twitter, Facebook and LinkedIn   
 Feedback from the membership has been very positive!

INDEPENDENT AUDITORS' REPORT

To the Members of
Newfoundland & Labrador Oil & Gas Industries Association

We have audited the accompanying financial statements of **Newfoundland & Labrador Oil & Gas Industries Association**, which comprise the balance sheet as at December 31, 2017, and the statements of revenue and expenses and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Newfoundland & Labrador Oil & Gas Industries Association** as at December 31, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

St. John's, Canada
January 26, 2018

Ernst & Young LLP

Chartered Professional Accountants

BALANCE SHEET

As at December 31

	2017 \$	2016 \$
ASSETS		
Current		
Cash and cash equivalents	1,103,816	1,154,069
Accounts receivable [note 3]	384,977	365,941
Prepaid expenses	23,325	11,890
Total current assets	1,512,118	1,531,900
Scholarship Fund investments, internally restricted [note 6]	13,183	13,738
Capital assets, net [note 4]	167,180	152,487
	1,692,481	1,698,125
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities [note 7]	326,216	497,262
Deferred revenue [note 5]	412,239	224,997
Total current liabilities	738,455	722,259
Deferred capital contributions [note 5[a]]	112,500	124,879
Total liabilities	850,955	847,138
Commitments [note 8]		
Net assets		
Net assets – unrestricted	828,343	837,249
Net assets restricted for Scholarship Fund [note 6]	13,183	13,738
Total net assets	841,526	850,987
	1,692,481	1,698,125

See accompanying notes

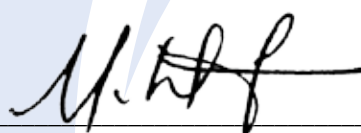
On behalf of the Board:

Director



Director

Director



Director

STATEMENT OF REVENUE AND EXPENSES AND CHANGES IN NET ASSETS

Year ended December 31

	2017 \$	2016 \$
REVENUE		
Annual conference	924,171	831,515
Membership fees	536,940	554,647
ACOA and PIHRC projects [schedule 1]	391,706	678,068
Programs		
Seminars and events	208,677	117,341
NOIA news	53,732	53,665
Other publications	95,320	85,319
Amortization of deferred capital contributions	37,500	—
Interest income	6,858	7,895
Miscellaneous	1,393	6,569
	2,256,297	2,335,019
EXPENSES		
Administration	1,082,489	1,146,074
ACOA and PIHRC projects [schedule 1]	489,165	710,094
Annual conference	389,218	311,460
Programs	258,052	174,009
Amortization of intangible assets	37,500	—
Amortization of tangible capital assets	8,779	10,710
	2,265,203	2,352,347
Deficiency of revenue over expenses for the year	(8,906)	(17,328)
Net assets – unrestricted, beginning of year	837,249	854,577
Net assets – unrestricted, end of year	828,343	837,249

See accompanying notes

STATEMENT OF CASH FLOWS

Year ended December 31

	2017 \$	2016 \$
OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	(8,906)	(17,328)
Add (deduct) items not affecting cash		
Amortization of tangible capital assets	8,779	10,710
Amortization of intangible assets	37,500	—
Amortization of deferred capital contributions	(37,500)	—
Net change in non-cash working capital balances related to operations [note 10]	(14,275)	168,847
Cash provided by (used in) operating activities	(14,402)	162,229
INVESTING ACTIVITIES		
Additions to capital assets	(60,972)	(12,759)
Cash used in investing activities	(60,972)	(12,759)
FINANCING ACTIVITIES		
Net increase in deferred capital contributions	25,121	9,600
Cash provided by financing activities	25,121	9,600
Net increase (decrease) in cash during the year	(50,253)	159,070
Cash and cash equivalents, beginning of year	1,154,069	994,999
Cash and cash equivalents, end of year	1,103,816	1,154,069

See accompanying notes

SCHEDULE OF REVENUE AND EXPENSES FOR ACOA AND PIHRC PROJECTS

Year ended December 31

	2017	2016
	\$	\$
Revenue		
Noia 40 Years Marketing Plan	265,183	—
Guyana Oil & Gas Export Opportunity	101,490	—
Atlantic Trade and Investment Growth Agreement	19,055	—
Deepwater Studies	5,042	375,000
Labour Market Development Program	936	91,420
ONS Delegation	—	137,818
Supply Chain Project	—	73,830
	391,706	678,068
Expenses		
Noia 40 Years Marketing Plan	361,060	—
Guyana Oil & Gas Export Opportunity	105,958	—
Atlantic Trade and Investment Growth Agreement	19,055	—
Deepwater Studies	2,156	375,000
Labour Market Development Program	936	92,095
ONS Delegation	—	138,190
Supply Chain Project	—	104,809
	489,165	710,094

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. DESCRIPTION OF BUSINESS

Newfoundland & Labrador Oil & Gas Industries Association [the “Association” or “Noia”] is incorporated under the Corporations Act (Newfoundland and Labrador) as an organization without share capital. Noia members share a common interest in the 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 the oil and gas industries.

Noia is a non-profit organization under the Income Tax Act (Canada) and is not subject to income tax.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Part III of the CPA Canada Handbook – Accounting, – “Accounting Standards for Not-for-Profit Organizations” [“ASNPO”], which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies set out below:

Revenue recognition

Noia follows the deferral method of accounting for contributions, which primarily include grants and certain government assistance amounts. Annual conference revenue is recognized as the services are provided. Membership fees are billed on an annual basis and are recognized as revenue over the twelve-month membership period. Restricted contributions that have been designated for special projects, such as capital expenditures, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable. All other revenue is recognized when services are provided and collection is reasonably assured.

Cash and cash equivalents

Cash and cash equivalents consist of cash on deposit and high interest savings accounts.

Financial instruments

Investments are recorded at fair value. Transactions are recorded on a trade date basis and transaction costs are expensed as incurred.

Other financial instruments, including accounts receivable and accounts payable and accrued liabilities, are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Capital assets

Tangible and intangible capital assets are recorded at cost. Amortization is provided on the declining balance basis at rates that will reduce original cost to the estimated residual value over the useful lives of the assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

Leases

Leases entered into are classified as operating wherein rental payments are expensed as incurred.

Contributed materials and services

Contributed materials and services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the 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. Areas requiring the use of management estimates include revenue recognition. Actual results could differ from these estimates.

3. ACCOUNTS RECEIVABLE

Accounts receivable comprise the following:

	2017	2016
	\$	\$
Members and trade, net	195,645	146,677
Atlantic Canada Opportunities Agency	189,332	219,264
	384,977	365,941

4. CAPITAL ASSETS

Capital assets consist of the following:

	2017			2016	
	Rate	Cost	Accumulated amortization	Net book value	Net book value
		\$	\$	\$	\$
Tangible					
Computer equipment	30	116,040	98,280	17,760	22,681
Furniture and equipment	20	41,367	33,537	7,830	4,348
		157,407	131,817	25,590	27,029
Intangible					
Computer development and website	50	82,488	53,398	29,090	579
Supplier capability database	50	150,000	37,500	112,500	124,879
		232,488	90,898	141,590	125,458
		389,895	222,715	167,180	152,487

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

5. CONTRIBUTIONS AND DEFERRED REVENUE

- [a] During 2012, the Association received \$150,000 in a grant relating to the development of a capability database. To date, the Association has incurred \$150,000 [2016 – \$124,879] in costs relating to the database. The database became available for use in 2017 and this amount has been recorded as a deferred capital contribution and a corresponding intangible asset. The intangible asset and deferred capital contributions have been amortized to expenses and revenue, respectively, in the statement of revenue and expenses and change in net assets.
- [b] During 2017, the Association signed a new funding contract and received \$180,000 [2016 – \$47,009] in contributions relating to the work for activities of the Petroleum Industry Human Resources Committee [“PIHRC”], for which Noia is the coordinating agency. PIHRC is an industry-government working committee, co-chaired by Noia and the Canadian Association of Petroleum Producers, which conducts industry-related research and promotes careers in the Newfoundland and Labrador oil and gas industry within the province’s educational system. Contract activities commenced in October 2017 and Noia incurred \$936 [2016 – \$83,682] in costs by the end of the calendar year. This amount has been recorded as an expense and corresponding revenue has been recorded. The remaining amount received in respect of this agreement, \$179,063, has been recorded in deferred revenue and will be realized in early 2018.
- [c] Other amounts included in deferred revenue consist of \$161,803 [2016 – \$168,222] of deferred membership fees, \$68,892 [2016 – \$27,674] of deferred seminars and events revenue, and \$2,481 [2016 – \$3,002] of other deferred revenue.

6. SCHOLARSHIP FUND

In 1997, Noia announced the establishment of the “Noia Hibernia Commemorative Scholarship Fund” [the “Scholarship Fund”]. The Association internally restricted net assets to fund the Scholarship Fund; as at December 31, 2017, the Scholarship Fund had a balance of \$13,183 [2016 – \$13,738]. The Scholarship Fund offers an annual scholarship of \$1,000 to a graduating Newfoundland and Labrador high school student entering post-secondary studies who intends to pursue a petroleum-related career. The scholarship is awarded to the student who best meets academic, extra-curricular and needs criteria. In 2017, one \$1,000 scholarship was awarded [2016 – one \$1,000 scholarship]. The Scholarship Fund is invested in non-callable Canadian denominated debentures, bearing an interest rate of 6.15% and maturing in 2028 with interest earned being reinvested. In 2017, the fair value of the debentures decreased by \$555 [2016 – \$877].

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consist of the following:

	2017 \$	2016 \$
Trade accounts payable	53,457	64,882
Other	—	375,000
Accrued liabilities	272,759	57,380
	326,216	497,262

Other accounts payable represents an amount owed to an external consult that relates to a Deepwater Studies Project funded by Atlantic Canada Opportunities Agency.

8. COMMITMENTS

Commitments for the lease of office premises will result in the following future expenditures:

	\$
2018	80,384
2019	74,620
2020	78,050
2021	82,082
2022	44,351
	359,487

9. FINANCIAL INSTRUMENTS – RISKS AND UNCERTAINTIES

The Association has exposure to credit risk, liquidity risk and interest rate risk, which are outlined below:

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Association's credit risk is primarily attributable to its accounts receivable.

Liquidity risk

Liquidity risk is the risk that the Association will not be able to meet its financial obligations as they become due. As at December 31, 2017, the Association had cash and cash equivalents in the amount of \$1,103,816 [2016 – \$1,154,069]. To the extent that the Association does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third-party funding or membership rate increases, assuming these could be obtained. All of the Association's financial liabilities are short-term in nature and are subject to normal trade terms.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

Interest rate risk

The Association's cash and cash equivalents balance and scholarship investments are primarily invested in high-interest savings accounts issued by Canadian chartered banks. The Association has no debt and believes its interest rate risk is not significant.

10. NET CHANGE IN NON-CASH WORKING CAPITAL BALANCES RELATED TO OPERATIONS

Net change in non-cash working capital balances related to operations comprises the following:

	2017	2016
	\$	\$
Increase in accounts receivable	(19,036)	(140,067)
Decrease (increase) in prepaid expenses	(11,435)	23,899
Increase (decrease) in accounts payable and accrued liabilities	(171,046)	315,460
Increase (decrease) in deferred revenue	187,242	(30,445)
	<u>(14,275)</u>	<u>168,847</u>

11. COMPARATIVE FIGURES

Certain comparative figures for 2016 have been reclassified to conform with the presentation adopted for the current year.

SPONSORS 2017

On behalf of its members, Noia thanks the following companies who generously supported our events throughout 2017.

Annual General Meeting

Premium Sponsors

Agility Logistics
Irving Oil

Event Co-sponsors

Crosbie Group
NSB Energy
PF Collins International Trade Solutions

Industry Achievement Awards

Premium Sponsors

TechnipFMC Canada

Event Co-sponsors

Cougar Helicopters

Fall Seminar

Gold Sponsors

Atlantic Towing
Irving Oil
Pennecon Energy
UTEC Survey

Silver Sponsors

A. Harvey & Company
Atlantic XL
Cougar Helicopters
Crosbie Group
Dewcor
Kvaerner
Port of Argentia
TechnipFMC Canada
Woodgroup PSN

Networking Socials

Spring Networking Social

Comfort Inn – Airport

Pre-Summer Networking Social

Stewart McKelvey

Fall Networking Social

Cox & Palmer

Member Holiday Reception

Event3Sixty

Oil & Gas Conference 2017

Platinum Sponsor

Nalcor Energy

Gold Sponsors

Aker Solutions
Atlantic Towing
DF Barnes
K&D Pratt
OneSubsea
TechnipFMC

Silver Sponsors

Cahill Group of Companies
GE Oil & Gas
KCA Deutag
NSB Energy
PF Collins International Trade Solutions
St. John's Port Authority
Subsea 7
Terrapure Environmental

Bronze Sponsors

A. Harvey & Company
C&W Offshore
ExxonMobil Canada
Kvaerner
McInnes Cooper
SNC Lavalin
Stantec
Woodgroup PSN
Upstream Solutions

Junior Ballroom Host Sponsor

Crosbie Group
Pennecon Energy

Supporting Sponsor

ACOA

Keynote Luncheon Sponsors

Atlantic Offshore Medical Services
EnviroSystems
Irving Oil

Delegate Bag Giveaways

Imprint Specialty Promotions

Gala Reception Sponsors

ABB Inc
Bluewave Energy
Hyflodraulic
I. H. Mathers
Stewart McKelvey

Golf Luncheon Sponsors

ABB Inc
I. H. Mathers
Stewart McKelvey

Golf Hole-In-One Sponsors

Dovre
Terrapure Environmental

Golf Hole Host Sponsors

Cox & Palmer
East Coast Catering
Distribution NOW



**NEWFOUNDLAND & LABRADOR
OIL & GAS INDUSTRIES ASSOCIATION**

Suite 602, Box 44
215 Water Street
St. John's, Newfoundland & Labrador, Canada
A1C 6C9

T. 709-758-6610
F. 709-758-6611
E. noia@noia.ca

www.noia.ca

40

2017 marked Noia's 40th year of supporting the province's offshore oil & gas industry. Over these 40 years, our mandate has never wavered from promoting the growth of East Coast Canada's oil & gas resources and facilitating our membership's participation in global oil & gas industries. Education, information and advocacy remain the cornerstones of our work.

Noia looks forward to continuing to support our members as we work together to turn our potential into reality – a long-term, sustainable offshore oil & gas industry for the benefit of all Newfoundlanders and Labradorians.



Learning from the past. Focused on the future.