November 26, 2018

Dear [Name]

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-125-2018)

On August 19, 2018, the Department of Natural Resources received your request for access to the following records/information:

I wish to receive any and all records pertaining to UNCLOS Article 82 with respect to the Bay du Nord oil project and/or other projects that may be developed and possible fall under this article in the future.

On August 21, 2018, you gave a time frame for August 19, 2016 to August 21, 2018.

On September 4, 2018, the department received approval from the Office of the Information and Privacy Commissioner (OIPC) to extend the timeline for your request by 40 business days.

On September 21, 2018, you narrowed the search to:

“If there is a final document, please give me that. I do not need the draft versions unless the changes are massive. You can also eliminate the attachments to emails that would be unresponsive. Just please identify which these are. I am not interested in records containing other key messages besides Bay.”

A second 7 day time extension was granted by the OIPC on November 14, 2018.

I am pleased to inform you that a decision has been made by the Department of Natural Resources, confirmed by the Deputy Minister, to provide access to the requested records. The records are attached.

Please note: The Government of Canada, as signatory to the United Nations Convention on the Law of the Sea (UNCLOS), is responsible for the implementation of Article 82 including the development of specific definitions and regulations facilitating...
prescribed payments or contributions to the United Nations International Seabed Authority. Since 2017, discussions around UNCLOS Article 82 have been ongoing between the Government of Canada and Government of Newfoundland and Labrador and have included further industry related competitiveness issues along with broader federal provincial fiscal arrangements.

Regarding the operationalization of UNCLOS Article 82, negotiations between the Federal Government and the Province have included positions and analysis to minimize the financial impacts on key stakeholders. Various matters are still outstanding and disclosure of the information we are planning to withhold would be premature at this point and potentially comprise outcomes through continued dialogue.

We are providing access to the most information possible but have made redactions in accordance with Sections 22(1)(a), 27(1)(h), 27(2)(a), 29(1)(a), 30(1)(a), 34(1)(a)(i), 35(1)(d), 35 (1)(f), 35(1)(g), 39(2) and 40(1) of ATIPPA, 2015 as follows:

22. (1) (a) The head of a public body may refuse to disclose a record or part of a record that is published and is available to the public whether without cost or for purchase;

27. (1) (h) In this section, “cabinet record” means advice, recommendations or policy considerations submitted or prepared for submission to the Cabinet;

27. (2) (a) The head of a public body shall refuse to disclose to an applicant a cabinet record;

29. (1) (a) The head of a public body may refuse to disclose to an applicant information that would reveal advice, proposals, recommendations, analyses or policy options developed by or for a public body or minister;

30. (1) (a) The head of a public body may refuse to disclose to an applicant information that is subject to solicitor and client privilege or litigation privilege of a public body;

34. (1)(a)(i) The head of a public body may refuse to disclose information to an applicant if the disclosure could reasonably be expected to harm the conduct by the government of the province of relations between that government and the following or their agencies: the government of Canada or a province;

35. (1) (d) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to result in the premature disclosure of a proposal or project or in significant loss or gain to a third party;

35. (1) (f) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose positions, plans, procedures, criteria or instructions developed for the purpose of contractual or other negotiations by or on
behalf of the government of the province or a public body, or considerations which relate to those negotiations;

35. (1) (g) The head of a public body may refuse to disclose to an applicant information which could reasonably be expected to disclose information, the disclosure of which could reasonably be expected to prejudice the financial or economic interest of the government of the province or a public body;

39. (2) The head of a public body shall refuse to disclose to an applicant information that was obtained on a tax return, gathered for the purpose of determining tax liability or collecting a tax, or royalty information submitted on royalty returns, except where that information is non-identifying aggregate royalty information;

40. (1) The head of a public body shall refuse to disclose personal information to an applicant where the disclosure would be an unreasonable invasion of a third party’s personal privacy.

The following records are publicly available and can be found in the links below.

Article 82 of UNCLOS: The day of reckoning approaches Rowland J. Harrison QC*
https://academic.oup.com/jwelb/article-abstract/10/6/488/4060652

A STUDY OF KEY TERMS IN ARTICLE 82 OF UNCLOS
https://www.isa.org.jm/document/study-key-terms-article-82-unclos

The UNCLOS royalty: a debate in the deep blue sea

The email records have duplicate attachments removed. You will see the name of each attachment but we have tried to eliminate the duplication of records for your convenience. Please note, if a record appears in the PDF files or reports and appears again in the email attachments, it was been removed and you will only find one copy.

We have made full page redactions to the following records and have indicated the redaction codes accordingly:

Information Note:
The United Nations Convention on the Law of the Sea – Article 82 pages 5-11
[S. 29(1)(a), 34(1)(a)(i), 35(1)(d), 35 (1)(f) and 35(1)(g)]
We have redacted the entirety of the following records:

2018 Email Binder 4 (55 pages)
[S. 29(1)(a), 34(1)(a)(i), 35(1)(d), 35 (1)(f), 35(1)(g) and 39(2)]

2018 Email Binder 6 (74 pages)
[S. 27(1)(h) and 27(2)(a)]

1 Letter (4 pages)
[S. 29(1)(a), 35(1)(d), 35 (1)(f) and 35(1)(g)]

1 Document (1 page)
[S. 39(2)]
5 PowerPoint Presentations (total 27 pages)
[S. 29(1)(a), 35(1)(d), 35 (1)(f), 35(1)(g) and 39(2)]

33 Excel Spreadsheets (total 747 pages)
[S. 39(2)]

As set out in section 42 of the Act you may ask the Information and Privacy Commissioner to review the department’s decision to provide access to the requested information. A request to the Commissioner must be made in writing within 15 business days of the date of this letter or within a longer period that may be allowed by the Commissioner. Your request should identify your concerns with the department’s response and why you are requesting a review.

The request for review may be addressed to the Information and Privacy Commissioner as follows:

Office of the Information and Privacy Commissioner
2 Canada Drive
P.O. Box 13004, Stn. A
St. John’s, NL. A1B 3V8

Telephone: (709) 729-6309
Toll-Free: 1-877-729-6309
Facsimile: (709) 729-6500

Pursuant to section 52 of the Act, you may also appeal directly to the Supreme Court Trial Division within 15 business days after receiving the department’s decision.

Please be advised that responsive records will be published following a 72 hour period after the response is sent electronically to you or five business days in the case where records are mailed to you. It is the goal to have the responsive records posted to the Completed Access to Information Requests website within one business day following the applicable period of time. Please note that requests for personal information will not be posted online.

For further details about how an access to information request is processed, please refer to the Access to Information Policy and Procedures Manual at http://www.atipp.gov.nl.ca/info/index.html.
If you have any questions, please feel free to contact me at 709-729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes

Rod Hynes
ATIPP Coordinator
Information Note
Information Note
Department of Natural Resources

Title: The United Nations Convention on the Law of the Sea – Article 82

Issue: Provide an update on the implementation of Article 82 along with an assessment of its financial impact on potential development offshore.

Background and Current Status:
- The United Nations Convention on the Law of the Sea (UNCLOS) is an international agreement ratified by 168 countries that establishes a framework for a range of ocean activities such as navigation, fisheries and seabed resource (mining and petroleum) exploration and exploitation.

- While Canada ratified UNCLOS on November 7, 2003, historically, negotiations amongst parties began in 1967 and out of these discussions emerged the concept of a 200 nautical mile (nm) exclusive economic zone (EEZ). Canada has applied this concept since 1977 and formally established it in law in the 1997 federal Oceans Act.

- One of the key UNCLOS achievements was the codification of a series of maritime zones in which states exercise rights and have obligations. These zones are measured in nm from shore and consist of the territorial sea (to 12nm), the contiguous zone (to 24nm), the EEZ (to 200nm), the continental shelf (to 200nm or beyond) and the high seas or what is referred to as the Area (seabed beyond any individual state's control or authority).

- Article 76 of UNCLOS sets out a process for a coastal state to determine, with precision, the location of the outer limits of its continental shelf. Through further discussions, an agreement was reached granting coastal states exclusive sovereign rights over the resources for all of the continental shelf, and nearly the entire continental margin. With respect to Canada and several other countries, this allowed for outer limits, in some instances, to reach beyond 400 nm.

- In return for granting rights over resources beyond the EEZ or 200nm, negotiators agreed to Article 82, which obliges countries to make annual payments or contributions to the United Nations International Seabed Authority (ISA) for the production of petroleum (and other non-living resources) beyond their EEZ. The inclusion of Article 82 in UNCLOS was essential to convincing landlocked parties, via a re-distribution of benefits transferred to the ISA, to accept the extended resource rights of coastal states.

- Article 82 annual payments or contributions in kind, as referenced above, are to start in the sixth year of production and are to be made at the rate of one per cent of the value or volume of production, rising by one per cent per year until topping out at seven per cent in the twelfth year of production and remaining at that level thereafter. The full text of Article 82 is included in Attachment 1.

- The Canadian Association of Petroleum Producers (CAPP) has stated that industry decisions for continued offshore activity are tied to full life cycle returns on investment which incorporate risk taken over the exploration, development, production and abandonment timelines. CAPP has also raised concerns around uncertainty related to future policy and regulatory changes, including implementation of Article 82, in that these issues may deter future investment.

- In 2017, roundtable discussions were held between CAPP, the Government of Canada, the Government of Nova Scotia and the Government of Newfoundland and Labrador on various competitiveness issues facing the offshore in Atlantic Canada. From these discussions, an
action plan was developed to address multiple concerns with a goal to facilitate a strong and sustainable petroleum sector.

- From the Atlantic Offshore Competitiveness Roundtable action plan, a working subgroup (WG) was formed to address the uncertainty with Article 82, including its many textual ambiguities, and to progress implementation by Canada. The WG, which includes Canada (Natural Resources Canada and Global Affairs Canada) and the Government of Newfoundland and Labrador (Natural Resources), through various discussions and sharing of information has:
  
  - Developed a draft document outlining definitions for key terms within Article 82, based on a review of domestic legislative language, including the Province’s Offshore Oil Royalty Regulations (Regulations), and other technical consultant based work. See Attachment 2. Natural Resources facilitated insertion of language from the Regulations including the deduction of transportation related costs from sales revenue in the definition of the term Value to ensure consistency with existing practice; and
  
  - Compiled economic evaluation models and preliminary assessments of the financial impact of Article 82 on offshore development. See summary results in Attachment 3.

Analysis:

S. 29 (1) (a)  S. 35 (1) (d)  S. 35 (1) (f)  35 (1) (g)
Attachment 1

Article 82 - Payments and contributions with respect to the exploitation of the continental shelf beyond 200 nautical miles

1. The coastal State shall make payments or contributions in kind in respect of the exploitation of the non-living resources of the continental shelf beyond 200 nautical miles from the baselines from which the breadth of the territorial sea is measured.

2. The payments and contributions shall be made annually with respect to all production at a site after the first five years of production at that site. For the sixth year, the rate of payment or contribution shall be 1 per cent of the value or volume of production at the site. The rate shall increase by 1 per cent for each subsequent year until the twelfth year and shall remain at 7 per cent thereafter. Production does not include resources used in connection with exploitation.

3. A developing State which is a net importer of a mineral resource produced from its continental shelf is exempt from making such payments or contributions in respect of that mineral resource.

4. The payments or contributions shall be made through the Authority, which shall distribute them to States Parties to this Convention, on the basis of equitable sharing criteria, taking into account the interests and needs of developing States, particularly the least developed and the land-locked among them.
Your message is ready to be sent with the following file or link attachments:

2016 Call for Bids.docx

Note: To protect against computer viruses, e-mail programs may prevent sending or receiving certain types of file attachments. Check your e-mail security settings to determine how attachments are handled.
Information Note
Department of Natural Resources

Title: Call for Bids No. NL16-CFB01 (Eastern Newfoundland Region) and Call for Bids No. NL16-CFB02 (Jeanne d’Arc).

Issue: The announced successful bidders for the Call for Bids which closed on November 9, 2016.

Background and Current Status:
• Pursuant to subsection 57(2) of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act and subsections 58(2) of the Canada-Newfoundland and Labrador Atlantic Accord Implementation Act (Accord Acts), the Board decided to issue two Calls for Bids; namely, Call for Bids NL16-CFB01 (Eastern Newfoundland region) consisting of thirteen parcels for a total of 2,949,252 hectares and Call for Bids NL16-CFB02 (Jeanne d’Arc region) consisting of three parcels for a total of 354,552 hectares. In addition, under the new scheduled land tenure process, the four unawarded parcels from the 2015 Call for Bids NL15-01EN were offered under Call for Bids NL16-CFB01 (Eastern Newfoundland). The making of the calls for bids was approved as a fundamental decision.

• On November 9, 2016, the Canada-Newfoundland and Labrador Offshore Petroleum Board (Board) announced the results of Call for Bids. Successful bids were received on ? parcels offered totaling $000000000.

Call for Bids No. NL16-CFB01 (Eastern Newfoundland Region)
• Bids representing $000000000 in work expenditures {highest total for a Call for Bids in the NL Offshore} have been conditionally selected by the Board on ????? of the thirteen (13) on offer. The bid for parcel NL15-01-09 of $423,189,945.00 is the second highest bid for a single parcel. The bidders and work expenditures for each parcel are found in Attachment A. Parcels 1, 3, 4 and 11 (See map Attachment B) did not receive any bids.

• {There are three (3) new companies involved in the successful bids namely:
  1. BG International Limited – in partnership with Chevron Canada Ltd and Statoil Canada Ltd in parcel 2; and with Statoil Canada Ltd. and ExxonMobil Canada Ltd in parcel 5
  2. BP Canada Energy Group ULC – in partnership with Statoil Canada Ltd and ExxonMobil Canada Ltd. in parcels 6 & 7; and with Statoil Canada Ltd. in parcel 8
  3. Nexen Energy ULC – sole bidder for parcel 10}

Call for Bids No. NL16-CFB02 (Jeanne d’Arc)
• Bids representing $000000000 in work expenditures {highest total for a Call for Bids in the NL Offshore} have been conditionally selected by the Board on ????? of the three (3) on offer. The bid for parcel NL15-01-09 of $423,189,945.00 is the second highest bid for a single parcel. The bidders and work expenditures for each parcel are found in Attachment A. Parcels 1, 3, 4 and 11 (See map Attachment B) did not receive any bids.

Call for Bids NL16-CFB01 (Eastern Newfoundland)
• under the new scheduled land tenure process, the four unawarded parcels from the 2015 Call for Bids NL15-01EN were offered under Call for Bids NL16-CFB01 (Eastern Newfoundland). Bids representing $000000000 in work expenditures (highest total for a Call for Bids in the NL Offshore) have been conditionally selected by the Board on ????? of the four (4) on offer. The bid for parcel NL15-01-09 of $423,189,945.00 is the second highest bid for a single parcel. The bidders and work expenditures for each parcel are found in Attachment A. Parcels 1, 3, 4 and 11 (See map Attachment B) did not receive any bids.

• The bids resulting from Call for Bids NL15-01EN are conditional upon receipt of a security deposit representing 25% of the work expenditure bid to be submitted to the Board within 15 days of notification. Work expenditure bids are expressed in terms of the total amount the bidder commits to spend on exploration within the first six (6) year period of the exploration license term.

• The exploration license consists of two periods; Period I (6 years) unless extended by drilling deposit and, if validated by the drilling of a well and Period II for remainder of the exploration license.

• The issuance of exploration licenses is a fundamental decision and requires Ministerial approval. Subject to the bidders satisfying the requirements specified in the Call for Bids NL15-01EN and upon receiving Ministerial approval, the Board will issue exploration licenses in January 2016.

• The parcels are located in the Eastern Newfoundland region, the majority of which are located beyond 200 nautical mile (nm) limit. Any future petroleum developments in this area would trigger Article 82 of the United Nations Convention on the Law of the Sea (UNCLOS), which requires a payment on petroleum produced in the expanded jurisdiction beyond the 200 nm limit. Canada, as the ratifying nation, is responsible for making the UNCLOS payment. Preliminary discussions with the federal government on Article 82 have commenced, with a focus on the interpretation of the Article. DNR is working with JPS and MIGA to review the terms contained in the Article.

• Currently, there are no producing projects beyond 200 nm, however, there has been exploration activity and two significant discoveries declared - North Dana I-43 (1987) and Mizzen O-16 (2010). The Bay du Nord Exploration Licenses containing the Harpoon and Bay du Nord discoveries announced by Statoil are also outside the 200 nm limit.

Previous Call for Bids
• The total work expenditure bids for the Newfoundland and Labrador offshore area is shown in Attachment C. The Calls represent the fortieth (40th) since 1988 in the Newfoundland and Labrador offshore area.

• Due to limited industry interest and other contributing factors, the Board decided to forego Calls for Bids in 1992, 1994 and 2002. Both Ministers supported this decision.
Action Being Taken:
- The department is waiting on receipt of Fundamental Decisions from the Board.

Prepared/approved by: R. Montague/F. Allen/W. Foote/C. Bown
ATTACHMENT A

2016 CALL FOR BIDS

The Canada-Newfoundland and Labrador Offshore Petroleum Board announced the results of the 2016.5 Call for Bids. Bidding closed at 12:00 p.m. on November 9, 2016 and bids were received on the following parcels totaling $00000000.00 in work expenditures.

The following bids have been accepted:

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<th>Successful Bid Amount</th>
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**Call for Bids No. NL16-CFB02 (Jeanne d’Arc)**

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Dear Lynn,

Attached are the messages we have prepared for topics that may come up in the House of Assembly. Could you please review and also provide any briefing notes you may have on these topics? We are putting this information together for the Minister.

Thanks,
Diana

- Oil and Gas Industry Development Council - status
- Generic Royalty Regime - status
- NAFTA
- UNCLOS
- NARL (North Atlantic Refining Ltd.) – status of EA work, re: indemnity
- NARL – reduction in workforce
- Royalty Audits

Thanks,
Diana

Diana Quinton
Director of Communications
Natural Resources
Government of Newfoundland and Labrador
709-729-5282
Summary:
Under United Nations Convention on the Law of the Sea (UNCLOS), states that have developed and are benefitting from resources located on their extended continental shelf, beyond 200 nautical miles, share royalties with developing nations. In April 2016, Minister Coady was asked in the House of Assembly, “When oil is pumped for these sites, a royalty of 7 per cent will have to be paid to the United Nations. In the past, our administration advised the federal government that we would not pay the royalties from the provincial royalties as this is a federal government responsibility. I ask the Minister of Natural Resources: What is the position of the current administration?”

Key Messages:
- If a project comes forward that is beyond the 200-mile limit, the Provincial Government will negotiate with oil companies to ensure the ball of value - royalties, equity and benefits - are maximized on behalf of Newfoundlanders and Labradors.

- With regards to UNCLOS, the details of how such a regime would operate are still under development by Canada (as the coastal state) and other signatories of UNCLOS.

Excerpt from House of Assembly, April 12, 2016

MR. SPEAKER: The hon. the Member for the District of Ferryland.
MR. HUTCHINGS: Thank you, Mr. Speaker.
Mr. Speaker, last week the C-NLOPB issued calls for bids for offshore parcels. Exploration of our offshore industry certainly has now expanded outside the 200-mile exclusive economic zone. When oil is pumped for these sites, a royalty of 7 per cent will have to be paid to the United Nations. In the past, our administration advised the federal government that we would not pay the royalties from the provincial royalties as this is a federal government responsibility.
I ask the Minister of Natural Resources: What is the position of the current administration?
MR. SPEAKER: The hon. the Minister of Natural Resources.
SOME HON. MEMBERS: Hear, hear!
MS. COADY: Thank you very much for the question. I appreciate it.
As the Member opposite noted, we have gone out for bids. The C-NLOPB has gone out for bids and we're quite confident we're going to have another good bid year.
As the Member opposite did suggest, some of the parcels are outside the 200-mile limit. We are working with our federal counterparts. There is only one ball of value for the entire offshore. This particular government is looking at what our royalties will be, what our benefits will be. They are also taking into effect what the benefits will have to be to the United Nations as per the requirements of outside the 200-mile limit.
SOME HON. MEMBERS: Hear, hear!
MR. SPEAKER: The hon. the Member for the District of Ferryland.
MR. HUTCHINGS: Thank you, Mr. Speaker.
Just to clarify the hon. minister, are you saying that the position taken by the former government, you’ve rescinded that decision. Now you’re negotiating in terms of that 7 cent or do you expect the Province of Newfoundland and Labrador to pay that royalty or the federal government?

**SOME HON. MEMBERS:** Hear, hear!

**MR. SPEAKER:** The hon. the Minister of Natural Resources.

**MS. COADY:** Perhaps the hon. Member does not understand the ball of value. There is only 100 per cent that we can look at in terms of the value on discoveries in terms of production. These are either carved in to benefits or they are carved into royalties or their carved into equity investments which is the full ball of value. Now because we’re outside of the 200 mile limit, there is a requirement for unclosed United Nations.

We are looking at the entire ball of value. We’re looking at the percent that is required. Once we have a discovery moving towards production of the percentages required for this province under benefits, under royalties and under equity.

Thank you.

**SOME HON. MEMBERS:** Hear, hear!
Wes / Gordon,

I am forwarding you the attached short slide pack which was put together based on a request by Jackie Janes to review the impact of carbon taxation on exploration and development via both the federal and NL GHG mitigation policies.

The intent is to share this with Jackie after an opportunity to brief you both. We met with them just over a week ago so I am just completing now.

Please advise on your availability or alternatively, if you are fine with the deck as is, I can brief them (Jackie & Gerald Crane) early this week.

Thanks,
Gerard
Folks - as per our meeting this morning and as discussed, see the attached presentation.

Gerard

-------< HP TRIM Record Information >------

Record Number :  PRES-3469
Title : Exploration, Development and GHG Mitigation April 26 2017
Dennis – See attached template, I also inserted the share distribution on $1 in Federal Carbon Tax.

Gerard

From: Sharpe, Dennis  
Sent: Wednesday, April 26, 2017 1:54 PM  
To: Collins, Gerard  
Subject: RE: workbook template

OK. Thanks Gerard. That’s perfect.
Thanks,
Dennis

From: Collins, Gerard  
Sent: Wednesday, April 26, 2017 1:52 PM  
To: Sharpe, Dennis  
Subject: RE: workbook template

Dennis – I just mentioned to Gerald post-lunch that this will only take me a little bit of time to convert. I will send it to you once complete as an FYI.

Gerard

From: Sharpe, Dennis  
Sent: Wednesday, April 26, 2017 1:50 PM  
To: Collins, Gerard  
Subject: workbook template

Hi Gerard,

Gerald sent me a copy of your report. Great looking work! He asked me to prepare similar slides for the results of our analysis on the existing projects (similar to your slide 9 and 13). Would you mind sending me the workbook template? That will save us a bit of time. It looks like an embedded excel sheet. If you can’t that’s no problem.

Thanks,
Dennis

S. 29 (1) (a) 
S. 35 (1) (d) 
S. 35 (1) (f) 
35 (1) (g)
Gerard,

Please see attached for our cashflow and take summary for [redacted] using your table as a template. Based on a discussion with Gerald, we changed the Carbon Tax label to Carbon Pricing. Working on the data now for the other fields. The results are from our Fall Update 2016 case. As well, we wanted to check with you on the R&D Costs (Incremental) that you included in your cases, as we don’t have a separate R&D category in our existing offshore projects inputs. Will touch base with you again later today or tomorrow.

Thanks,
Rob
Folks,

Got a very preliminary draft of the scope of work and I certainly would appreciate some initial feedback. I have a paper copy of CAPP’s summary on what they proposed to be in the study which I will share as well.

Some of the material has incorporated CAPP’s piece and also reflects some of the discussion from my meeting with them yesterday afternoon.

I’m heading to MUN now shortly.

Thanks,

Gerard
Hi Jim,

Been awhile since I have touched base with you. Trust all is well.

NR is moving forward with a review (study) of the fiscal, regulatory and benefits requirements offshore NL and will be benchmarking it against an international peer group for competitiveness.

Given this, I have been putting together a draft scope of work and we have had some discussion with Wood Mackenzie and CAPP to date. The draft scope of work is attached and we would appreciate a review of it by you or someone in your group.

I am available to discuss any feedback you may have on the draft document.

Many thanks,
Gerard

Gerard Collins  |  Manager, Research & Analysis
Energy Economics Division, Energy Branch
Department of Natural Resources
Government of Newfoundland and Labrador
Telephone:  709-729-4679
Fax:  709-729-2508
Address:  50 Elizabeth Avenue, P.O. Box 8700
St. John’s, NL, Canada, A1B 4J6
Hi David,

How are things? Trust all is well with you. I am touching base with you and generally following up from a phone call you had with Lynn and Wayne back in December on a competitiveness review for the NL offshore.

At this point, NR’s intention is to move forward with a review (study) of the fiscal, regulatory and benefits requirements offshore NL and will require some analysis and benchmarking against an international peer group for competitiveness.

Given this, I have put together a draft scope of work and we have had some discussion with CAPP to date. The draft scope of work is attached and I was wondering if you could have a look through the document when you get a chance. Perhaps from there we could have a quick call to get your general thoughts. I have also sent the draft scope out to others for some feedback as well.

Thanks,
Gerard

Gerard Collins | Manager, Research & Analysis
Energy Economics Division, Energy Branch
Department of Natural Resources
Government of Newfoundland and Labrador
Telephone: 709-729-4679
Fax: 709-729-2508
Address: 50 Elizabeth Avenue, P.O. Box 8700
St. John’s, NL, Canada, A1B 4J6
Bob,

NR is moving forward with a review (study) of the fiscal, regulatory and benefits requirements offshore NL and will be benchmarking it against an international peer group for competitiveness.

A draft scope of work has been put together and we are seeking input from a few key stakeholders. We have had some discussion with CAPP and would also like to have NOIA’s feedback. The draft scope of work is attached for your review and we could look at getting together next week to discuss further. Gerard Collins (copied) is leading this file and any feedback or questions on the study can be directed to him.

Regards,
Nena

Nena Abundo  
Director, Economics and Benefits (A)  
Department of Natural Resources  
Government of Newfoundland and Labrador  
50 Elizabeth Avenue  
P.O Box 8700  St. John’s, NL  A1B 4J6  
t 709-729-1958   c 709-725-0862  
nenaabundo@gov.nl.ca

From: Collins, Gerard  
Sent: Friday, May 05, 2017 9:03 AM  
To: Jim Keating  
Cc: Sullivan, Lynn; Abundo, Nena  
Subject: NL Competitiveness Review

Hi Jim,

Been awhile since I have touched base with you. Trust all is well.

NR is moving forward with a review (study) of the fiscal, regulatory and benefits requirements offshore NL and will be benchmarking it against an international peer group for competitiveness.

Given this, I have been putting together a draft scope of work and we have had some discussion with Wood Mackenzie and CAPP to date. The draft scope of work is attached and we would appreciate a review of it by you or someone in your group.

I am available to discuss any feedback you may have on the draft document.

Many thanks,
Gerard

Gerard Collins | Manager, Research & Analysis
Energy Economics Division, Energy Branch
Department of Natural Resources
Government of Newfoundland and Labrador
Telephone: 709-729-4679
Fax: 709-729-2508
Address: 50 Elizabeth Avenue, P.O. Box 8700
St. John’s, NL, Canada, A1B 4J6
Thanks Gerard. Great update. I’ll pass along.

Sent from my BlackBerry 10 smartphone on the Bell network.

Hi Lynn,

While you attended some of call yesterday, I’m following up to let you know that we had a good overall first discussion with Wood Mackenzie (WM) and touched on some of the broad strokes of the draft scope of work including offshore exploration and development costs, local content expectations and fiscal / regulatory requirements.

Just wanted to note that consideration for some of the broader fiscal/regulatory elements such as carbon taxation and requirements for R&D expenditures or local content requirements are also in effect in many other international jurisdictions so we are certainly not outliers in that sense.

As well, a significant percentage of jurisdictions that may form a peer group for comparison are also signatories to UNCLOS and would also be liable for payments or contributions under Article 82. Again nothing to make us glaringly different here either.

Funny enough, as we discussed recent exploration success by Statoil, around $2 billion in work commitments from the last two call for bids and recent independent exploration project registrations under CEAA by Husky, Statoil, Exxon and Nexen (up to 65 wells), WM felt that a lot of the broader elements we want to review would have most likely been considered prior to the companies putting down work commitment bids etc.

WM will be following up with us next week after they have some soak time with the draft scope of work and the discussion from yesterday. Hopefully the scope of work, timelines and related costs for the study will be clearer next week.

In terms of other feedback on the scope of work, I met with CAPP last week and I had a call from Byron Sparkes at NOIA stating he would follow up with some points in writing and will set up a meeting to discuss. We have feedback from Climate Change but have not heard back from Finance or Nalcor yet.
Let me know if you wish to discuss further.

Regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508
Kris – as discussed, see attached. Bring on my plane ride on May 19......

Gerard
Records removed due to cabinet confidence.
Lynn,

As discussed, see attached documents for Gordon’s review. Paul is reviewing the note and will follow up later today.

Gerard
Nena & Gerard,

Attached is revised note. I have added a section at end of Analysis section to highlight items for further discussion for tomorrow. It isn’t complete so, if possible, can you review and let’s discuss asap to finalize before sending upstairs. I want to make sure to capture as much as possible.

Thanks,

Paul

---

Lynn,

As discussed, see attached documents for Gordon’s review. Paul is reviewing the note and will follow up later today.

Gerard
See attached.

Also Lynn – We wanted to note that a last sentence that was added to the second last bullet on page 2, “Before such a study is undertaken, CAPP has acknowledged that it needs a better understanding of the work done by NR and Wood Mackenzie already during the development of the generic oil royalty regime.” In talking to Gerard and as a fyi, there was quite a bit of information and discussions shared with CAPP as part of 2015 consultations.

Paul Parsons  |  Manager, Energy Markets
Economics & Benefits Division
Department of Natural Resources
Government of Newfoundland & Labrador
(709) 729-5728
paulparsons@gov.nl.ca

From: Sullivan, Lynn
Sent: Monday, June 19, 2017 11:12 AM
To: Abundo, Nena; Parsons, Paul O
Subject: Track changes version of CAPP meeting note

Can you please forward? Thx! L.

Lynn Sullivan  |  Assistant Deputy Minister – Royalties and Benefits
Department of Natural Resources  •  50 Elizabeth Avenue, 7th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 1644 • (cell) +1 709 691 7521 • (fax) +1 709 729 2871
Diane,
Here is the package Gerard forwarded earlier this week including two previous briefing notes and a powerpoint intended to provide background on UNCLOS.
Paul

-----Original Message-----
From: Collins, Gerard
Sent: Monday, June 19, 2017 9:27 AM
To: Sullivan, Lynn
Cc: Abundo, Nena; Parsons, Paul O
Subject: HPE Records Manager records

Lynn,

BN-7099 is an excellent overview note on two key Articles (76 & 82) within UNCLOS. I have also attached another note BN-7296.

From a background perspective, not sure if this would suffice for Gordon. As well, I have also attached the presentation I provided along a little while ago which provides some financial analysis along with the general background etc.

Gerard

-----< HPE Records Manager record Information >-----

Record Number :  BN-7296
Title :  UNCLOS & Article 82

-----< HPE Records Manager record Information >-----

Record Number :  BN-7099
Title :  UNCLOS INFORMATION NOTE; The United Nations Convention on the Law of the Sea (UNCLOS) – Articles 76 and 82
f.y.i.

-----Original Message-----
From: Collins, Gerard
Sent: Friday, June 23, 2017 3:39 PM
To: Sullivan, Lynn
Subject: HPE Records Manager BRIEFING NOTES : BN-9216 : Information Note - UNCLOS Articles 76 & 82 NR Update June 23 2017

Lynn - I simply re-packaged the prior note with some updated items. I left the source authors but added to the NLNR date of update.

Will give you a quick call. Waiting on an updated figure for the number of ELs and SDLs outside 200rm from Jovan.

Gerard

-----< HPE Records Manager record Information >-----

Record Number : BN-9216
Title : Information Note - UNCLOS Articles 76 & 82 NR Update June 23 2017
Lynn - See update with further updated information from Jovan and Karen around license count outside 200nm.

Have a great weekend.

Gerard

--------< HPE Records Manager record Information >--------

Record Number : BN-9216
Title : Information Note - UNCLOS Articles 76 & 82 NR Update June 23 2017
Lynn – see attached.

Gerard
Folks,

CAPP has indicated that it was fine to share the attached documents to support the discussion on July 5.

Have a great weekend.

Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

Hi Paul / Jill,

Just wanted to touch base with you guys on the meeting / call this coming Wednesday July 5. To support the discussion with Wood Mackenzie and other stakeholders from Finance and Nalcor, we were wondering if it is ok if we shared your draft proposal on the 3rd party study and the presentation (or certain slides) from the competitiveness roundtable in Ottawa.

Both documents are attached.

Please advise when you get a chance.

Thanks,

Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
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Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Can you call me?

Fred Allen
Director, Regulatory Affairs
Department of Natural Resources
Government of Newfoundland and Labrador
Phone: (709)729-2778
Cell: (709)689-3547
Fax: (709)729-2508

You, think it odd for NS to have interest to participate given they don’t have UNCLOS issue. In the competitiveness workplan though we did say they would be invited as observer. I could send the invite out and have them as optional. I suspect they won’t join as their schedules seem pretty tight. What do you think? Invite as observer so to be consistent with comp roundtable or not invite at this time? And I don’t feel now is the time to bring industry in.

That should work. I think this call should be between us for now and bring in NS later. Agree?

Hi Fred, are you available on Monday at 2:30 your time for UNCLOS discussion?
Hi Annette,

Early next week would be best as I am out of the office Wed-Thurs this week. I am available anytime Monday or Tues 1:30-4:00 NL time. Via this e-mail, I will ask Fred to let you know as well on his availability.

Doug

Doug Trask
Assistant Deputy Minister (Royalties and Benefits)
Department of Natural Resources
Government of Newfoundland and Labrador
7th Floor, Natural Resources Building
50 Elizabeth Avenue
P.O. Box 8700, St. John’s. NL A1B 4J6
T: 709-729-1644
E: dougtrask@gov.nl.ca

Hi Doug,

My name is Annette Tobin and I work at Natural Resources Canada with Tim Gardiner. In an email exchange last week with Wes he indicated that you are the new ADM for energy royalties and the contact for UNCLOS. Welcome aboard. I just tried calling your office as I thought the old fashioned telephone call way might be best to make introductions.
On work related note, I was hoping to set up a call on UNCLOS for later this week or early next week. I will invite Fred Allen as Wes mentioned he will participate in the discussions in terms of legislative/regulatory implications. I’d like to get your thoughts on extending the invitation to someone from NS government (Sandy MacMullin?) to join as an observer. We don’t have any objection to inviting them. I also wondered about inviting CAPP, though my own feeling is that it may be bit early in the discussion to have industry participate. Appreciate your thoughts.

You may be aware of NL’s and NRCan’s commitment to advance the UNCLOS file as part of the Competitiveness Roundtable. Copied below for ease of reference are our action items on the file.

If you could provide a few options for times that you are available for 90 minute discussion later this week or early next that would be helpful. Once we have a date nailed down, I will pull together a draft agenda for yours and Fred’s input. We have some materials to share as well (e.g. modelling analysis).

Look forward to meeting you.

Annette

NEXT STEPS:
- Create a working-level group with NL (with NS as observers) to discuss UNCLOS related issues as they arise (August 2017)
- NRCan to work with Global Affairs Canada and the International Seabed Authority (ISA) to clarify the Article 82 terminology and the mechanics of any future payments (September 2017)
- Global Affairs Canada to brief NRCan, Provinces, and CAPP on outcomes of the ISA 2017 session (September 2017)
- Develop draft Accord Act regulation to collect UNCLOS levies from project proponents

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Hi everyone, attached is a draft agenda for Monday’s call as well as some supporting materials. Please let me know if you have any items to add or revisions and I will revise accordingly. Thanks.

1. Agenda
2. Draft regulation and Article 82 study previously shared with NL
3. NRCan’s UNCLOS obligations model
4. Competitiveness Roundtable – Action Plan

Doug, Fred - we have asked our modelling colleague, Warren, to join the call to walk us through his analysis. I understand that Gerard Collins may have done some modelling work as well. Might be worthwhile to connect Warren and Gerard to strengthen our analysis.

Ken Wong, Global Affairs Canada, will provide an update on matters pertaining to Canada’s continental shelf, including article 82 developments. He is aiming to complete a written summary of the recent International Seabed Authority session to be provided to the Competitiveness Roundtable for their information at their next meeting on Oct. 5.

Annette
Any initial thoughts or questions, please advise.

Sent from my iPhone

Begin forwarded message:

From: "Tobin, Annette (NRCan/RNCan)" <annette.tobin@canada.ca>
Date: September 20, 2017 at 6:42:34 PM NDT
To: "Trask, Doug" <DougTrask@gov.nl.ca>, "Allen, Fred A." (fredallen@gov.nl.ca), "Gardiner, Timothy (NRCan/RNCan)" <timothy.gardiner@canada.ca>, "Kenneth.Wong@international.gc.ca" <Kenneth.Wong@international.gc.ca>, "Leblond, Jennifer (NRCAN/RNCAN)" <jennifer.leblond@canada.ca>, "Wightman, Corey (NRCan/RNCan)" <corey.wightman@canada.ca>, "Tobin, Annette (NRCan/RNCan)" <annette.tobin@canada.ca>, "Neill, Warren (NRCan/RNCan)" <warren.neill@canada.ca>, "sandy.macmullin@novascotia.ca" <sandy.macmullin@novascotia.ca>
Cc: "Trask, Doug" <DougTrask@gov.nl.ca>, "Allen, Fred A." (fredallen@gov.nl.ca), "Gardiner, Timothy (NRCan/RNCan)" <timothy.gardiner@canada.ca>, "Kenneth.Wong@international.gc.ca" <Kenneth.Wong@international.gc.ca>, "Leblond, Jennifer (NRCAN/RNCAN)" <jennifer.leblond@canada.ca>, "Wightman, Corey (NRCan/RNCan)" <corey.wightman@canada.ca>, "Tobin, Annette (NRCan/RNCan)" <annette.tobin@canada.ca>, "Neill, Warren (NRCan/RNCan)" <warren.neill@canada.ca>, "sandy.macmullin@novascotia.ca" <sandy.macmullin@novascotia.ca>
Subject: Agenda and materials for UNCLOS WG meeting on Sept 25

Hi everyone, attached is a draft agenda for Monday's call as well as some supporting materials. Please let me know if you have any items to add or revisions and I will revise accordingly. Thanks.

<!-[if !supportLists]-->1. <!-[endif]-->Agenda
<!-[if !supportLists]-->2. <!-[endif]-->Draft regulation and Article 82 study previously shared with NL
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Annette
Doug,

With respect to the results as provided by Warren, I have a few comments/questions:

- There is no indication or notes in the one pager of results as to how Article 82 related royalties have been computed. Assume he went with the recommendations in the Gardner Pinfold report to structure out the Article 82 Royalty mechanics?

- There is no indication of what fiscal elements are included under the federal and provincial revenues columns. (e.g. do the results reflect NL’s R-Factor Royalty framework?)

I have also attached a piece of work I put together back a while ago which, at the time, allowed for a discussion on Article 82 terminology, rate bases and payment approaches. I suspect there is another approach to application of Article 82 rates we have discussed internally and not considered by the Feds and it is analogous to some of the provincial revenue sharing agreements we have in place with the Inuit.

Be happy to discuss further when you are back in the office.

Gerard

---

From: Trask, Doug  
Sent: Wednesday, September 20, 2017 8:27 PM  
To: Collins, Gerard  
Cc: Abundo, Nena  
Subject: Fwd: Agenda and materials for UNCLOS WG meeting on Sept 25

Any initial thoughts or questions, please advise.

Sent from my iPhone
Begin forwarded message:

From: "Tobin, Annette (NRCan/RNCan)" <annette.tobin@canada.ca>
Date: September 20, 2017 at 6:42:34 PM NDT
To: "Trask, Doug" <DougTrask@gov.nl.ca>, "Allen, Fred A." (fredallen@gov.nl.ca)
      <fredallen@gov.nl.ca>, "Gardiner, Timothy (NRCan/RNCan)"
      <timothy.gardiner@canada.ca>, "Kenneth.Wong@international.gc.ca"
      <Kenneth.Wong@international.gc.ca>
Cc: "Leblond, Jennifer (NRCan/RNCan)" <jennifer.leblond@canada.ca>, "Wightman, Corey (NRCan/RNCan)"
     <corey.wightman@canada.ca>, "Tobin, Annette (NRCan/RNCan)" <annette.tobin@canada.ca>, "Neill, Warren (NRCan/RNCan)"
     <warren.neill@canada.ca>, "sandy.macmullin@novascotia.ca"
     <sandy.macmullin@novascotia.ca>
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Annette
fyi

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
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(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

From: Barrowman, David [mailto:david.barrowman@woodmac.com]
Sent: Tuesday, September 26, 2017 12:00 PM
To: Collins, Gerard
Cc: Kellas, Graham; Millan, Ross
Subject: UNCLOS Article

Dear Gerard,

There seemed to be quite a bit of activity on the workscope for the Competitiveness Study. We understand that a decision will be made on the work this week.

On a separate matter, one of my colleagues, Ross Millan, has written an Insight on UNCLOS which we are proposing to publish this tomorrow. Since it is a potential issue for the Province I am sending a copy of the article to you prior to publication. It gives a fair summary of the global situation and makes mention of the Province.

Regards,

David

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Vice President - Upstream Consulting
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F +44 131 243 4495
M +44 7775 755 137
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United Kingdom
T +44 131 243 4400
E contactus@woodmac.com
W www.woodmac.com

Wood Mackenzie
For the meeting this afternoon. My apologies for not sending these revised documents to you earlier - documentation for the Roundtable continues to evolve.

-----Original Appointment-----
From: Gardiner, Timothy (NRCan/RNCan)
Sent: September 28, 2017 09:36
To: Andrews2, Graeme (NRCan/RNCAN)
Subject: Accepted: Pre-meeting - Offshore Competitiveness Roundtable (Oct. 5)
When: September 28, 2017 14:30-15:30 (UTC-05:00) Eastern Time (US & Canada).
Where: Teleconference
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Objectives / Strategic Outcome</th>
<th>Roles</th>
<th>Next Steps / Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Legislative and Regulatory Agenda</td>
<td>Modernization of the regulatory framework for oil and gas activities in Canada’s frontier and offshore oil and gas areas</td>
<td>Implement mirror Framework Regulations in 2019&lt;br&gt;Shift regulatory requirements to performance-based where feasible to provide flexibility and encourage innovation</td>
<td>Reporting lead: NRCan&lt;br&gt;Governments develop and implement mirror regulations&lt;br&gt;CAPP provides comments supported by clear rationale for proposed changes</td>
<td>Consultations on phase 3 of FORRI policy intent → Comment period closed September 20, 2017&lt;br&gt;Draft regulation shared for consultation → On-track</td>
</tr>
<tr>
<td>a) Frontier and Offshore Regulatory Renewal Initiative (FORRI)</td>
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<tr>
<td>1) Legislative and Regulatory Agenda:</td>
<td>Development of permanent regulations to support the new OHS regime in the Atlantic Offshore</td>
<td>Implement mirror OHS regulations in 2019&lt;br&gt;Shift regulatory requirements to performance based, as appropriate, to limit future need for “regulatory queries”</td>
<td>Reporting lead: NRCan&lt;br&gt;Governments develop and implement mirror regulations&lt;br&gt;CAPP provides comments with clear rationale for proposed changes</td>
<td>Consultations on phase 2 of OHS policy intent → Comment period closed September 20&lt;br&gt;Consultations on diving policy intent → In person consultations October 2, 2017; comment period closes October 27, 2017&lt;br&gt;Consultation on phase 3 of OHS policy intent → On track</td>
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<td>b) Occupational Health and Safety (OHS)</td>
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<tr>
<td>1) Legislative and Regulatory Agenda:</td>
<td>Modernization of Canada’s land tenure regime, which</td>
<td>Amend Accord Acts in 2018 to: extend term of exploration licences; add</td>
<td>Reporting lead: NS</td>
<td>Governments finalized discussion paper and share with CAPP → Completed mid-September 2017; mid-October meeting with CAPP to discuss proposed amendments</td>
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<tr>
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<td>c) Land Tenure</td>
<td>has remained unchanged since the mid-1980s</td>
<td>incentives for seismic acquisition investments; increase flexibility for establishing SDIs; and, limit term of SDIs to 25 years</td>
<td>Governments develop and implement mirror legislative amendments; CAPP provides comments with clear rationale for proposed changes</td>
<td>Government departments seek mandate to draft and introduce bills → On track for Fall 2017</td>
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<td></td>
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<td>NRCan</td>
<td>Draft legislation → On track for Winter 2018</td>
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<td>Introduce bills → On track for Fall 2018</td>
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<tr>
<td>2) Review of Environmental Assessment for Major Projects:</td>
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<td>Discussion paper on potential changes to federal EA → Released June 29; comment period end of August 2017</td>
</tr>
<tr>
<td>a) New federal environmental assessment (EA) process</td>
<td>Minister of ECC, supported by Ministers of Natural Resources, Transport and Fisheries and Oceans to develop and implement new federal EA legislation</td>
<td>Enhance role of Boards in environmental assessment</td>
<td>NRCan works with ECCC and CEA Agency to ensure industry and provincial perspectives are appropriately considered</td>
<td>Seek mandate to draft and introduce legislative amendments → On track</td>
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<td>Draft legislative amendments → On track</td>
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<td>Introduce bill → On track for Winter 2018</td>
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<tr>
<td>2) Review of Environmental Assessment for Major Projects:</td>
<td>Identify and implement tangible improvements to existing EA process</td>
<td>Develop offshore Project Agreements that outline how federal players work together on timely and coordinated project reviews</td>
<td>Reporting lead: NRCan NRCan works with CEA Agency, industry, Boards and provinces to advance information requirements and proposals for improving efficiency of existing EA process</td>
<td>NRCan (MPMO) to execute Project Agreements for NL and NS offshore → Final round of comments received from CEA Agency September 20; MPMO to circulate the final Project Agreements for signoff by Boards and federal regulatory departments end-October 2017</td>
</tr>
<tr>
<td>b) Improvements to existing EA process</td>
<td></td>
<td>Advance work and build consensus on information requirements and options for streamlining EA process for exploratory drilling, including:</td>
<td></td>
<td>NRCan to develop Statement of Work to compile current knowledge of environmental effects of offshore exploratory drilling → Draft to be shared with partners in early October 2017</td>
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<td>CEA Agency to prepare and circulate a working document identifying potential standard mitigation, monitoring, and follow-up conditions for exploratory drilling → CEA Agency shared draft document with NRCan and other federal</td>
</tr>
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<td></td>
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<td>- Compiling recent science on effects of exploratory drilling</td>
<td></td>
<td>participants at August workshop; NRCan currently working with CEA Agency to determine next steps</td>
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<tr>
<td></td>
<td></td>
<td>- Developing potential standard mitigation measures</td>
<td></td>
<td>CEA Agency to develop potential approach to regional EA and its application to future exploratory drilling activities in the offshore areas → CEA Agency hiring consultant to deliver this work; potential workshop to be held Fall 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Considering regional approaches to EA</td>
<td></td>
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</tr>
<tr>
<td>3) Pan Canadian Framework</td>
<td>ECCC developing federal carbon pricing backstop legislation and methane reduction regulations, with implications for the offshore</td>
<td>Federal carbon pricing backstop legislation that recognizes equivalency of provincial regimes for the offshore</td>
<td>Reporting lead: NRCan NRCan works with ECCC to ensure future carbon-pricing backstop legislation and methane regulations allow equivalent provincial regime through the Accord Acts to apply in the offshore</td>
<td>NRCan completed in-depth analysis of ECCC’s proposed methane regulations in the offshore and what an Accord Act methane regulation could look like → Submitted to ECCC Spring 2017</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Federal methane reduction regulations that work seamlessly with regulations under the Accord Acts</td>
<td></td>
<td>Provinces and CAPP provided input/comments to Canada Gazette I process for proposed methane regulations → Completed</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>NRCan worked with ECCC to ensure federal carbon pricing backstop legislation allows for provincial equivalency in the offshore → ECCC on track to introduce legislation in Fall 2017 that incorporates by reference equivalent measures in the offshore</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>Provincial governments to develop carbon-pricing regime; federal backstop to apply starting in 2018 until provincial regime in place → NL and NS on track to develop carbon emission regimes for the offshore</td>
</tr>
<tr>
<td>4) United National Convention on the Law of the Sea (UNCLOS)</td>
<td>Triggering Canada’s UNCLOS Article 82 responsibility to make payments for petroleum production beyond the Exclusive Economic Zone</td>
<td>Publication of draft regulation to collect levies and make payments to International Seabed Authority (ISA) under Accord</td>
<td>Reporting lead: NRCan Governments develop draft regulations under Accord Acts</td>
<td>Working-level group to discuss UNCLOS related issues as they arise → Working group on track with workplan to analyze and clarify UNCLOS Article 82 obligations</td>
</tr>
<tr>
<td></td>
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<td>NRCan to work with Global Affairs Canada (GAC) and the ISA to clarify the Article 82 terminology and the mechanics of any future</td>
</tr>
<tr>
<td>Initiative</td>
<td>Description</td>
<td>Objectives / Strategic Outcome</td>
<td>Roles</td>
<td>Next Steps / Status</td>
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<td>------------</td>
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</tr>
<tr>
<td>5) Offshore Competitiveness Study</td>
<td>Third party study on NL offshore competitiveness</td>
<td>Circulation of third party study on NL offshore competitiveness to Roundtable participants</td>
<td>Reporting lead: NL NL and CAPP to initiate a Competitiveness Review study for the C-NL Offshore Area Governments to review detailed analysis</td>
<td>Conclude an agreement on terms of reference for a third party study and subsequent award of contract</td>
</tr>
<tr>
<td>6) Industry Incentives</td>
<td>Consideration of incentives to stimulate investment and improve project economics</td>
<td>Detailed analysis and rationale in support of the Atlantic Investment Tax Credit and the Exploration</td>
<td>Reporting lead: CAPP Governments to review CAPP’s detailed analysis</td>
<td>Share work on Atlantic Investment Tax Credit</td>
</tr>
</tbody>
</table>

Note: The text in the table is partially redacted for privacy reasons. Some roles and next steps are also partially redacted.
<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Objectives / Strategic Outcome</th>
<th>Roles</th>
<th>Next Steps / Status</th>
</tr>
</thead>
</table>
| 7) Innovation Superclusters | Federal investment of up to $950 million by 2022 to accelerate the growth and development of business-led innovation superclusters in Canada | Offshore operators to contribute to Oceans Technology Supercluster that reflects Canadian excellence and world-class leadership | Roundtable reporting lead: CAPP  
Industry to contribute to oceans technology Supercluster Program proposal | Submitted a Letter of Intent to the Innovation Superclusters Initiative → Completed as of July 21, 2017  
Identify partnership opportunities for an industry-led consortium and contribute to development of a Full Application → Completed |
| 8) Third Party Access to Infrastructure | Discuss options to encourage third-party access to infrastructure | Develop a code of practice backstopped by legislation | Roundtable reporting lead: NL  
NL and NS to review and summarize work completed to date on third party access to infrastructure | Summary of work completed to date → On track (NL to provide update)  
Introduce legislative amendments to Accord Acts to enshrine principle of third party access on fair and reasonable terms → On track for Fall 2018  
Meet with CAPP to reach agreement on the principles of a Code of Practice → On track for Winter 2018 |
FYI

From: Collins, Gerard
Sent: Tuesday, September 26, 2017 12:08 PM
To: Trask, Doug; Abundo, Nena; Parsons, Paul O
Subject: FW: UNCLOS Article

FYI

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John's, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

From: Collins, Gerard
Sent: Tuesday, September 26, 2017 12:06 PM
To: 'Barrowman, David'
Cc: Kellas, Graham; Millan, Ross
Subject: RE: UNCLOS Article

Hi David,

thank you for providing the insight which I will share internally.

Yes, we will be in touch with respect to a decision this week and paperwork from there in light of a green light to move forward.

Regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

From: Barrowman, David [mailto:david.barrowman@woodmac.com]
Sent: Tuesday, September 26, 2017 12:00 PM
To: Collins, Gerard
Cc: Kellas, Graham; Millan, Ross
Subject: UNCLOS Article

Dear Gerard,
There seemed to be quite a bit of activity on the workscope for the Competitiveness Study. We understand that a decision will be made on the work this week.

On a separate matter, one of my colleagues, Ross Millan, has written an Insight on UNCLOS which we are proposing to publish this tomorrow. Since it is a potential issue for the Province I am sending a copy of the article to you prior to publication. It gives a fair summary of the global situation and makes mention of the Province.

Regards,

David

David Barrowman
Vice President - Upstream Consulting
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F +44 131 243 4495
M +44 7775 755 137
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E contactus@woodmac.com
W www.woodmac.com

This email is intended solely for the recipient. It may contain privileged, proprietary or confidential information or material. If you are not the intended recipient, please delete this email and any attachments and notify the sender of the error.
Fred,

Any input on attached, particularly the bullet below?

Doug

---

From: Collins, Gerard
Sent: Monday, October 02, 2017 12:09 PM
To: Trask, Doug
Cc: Abundo, Nena
Subject: RE: UNCLOS WG: Next Steps

Looks fine here. Regarding the bullet from Wes’s deck, I believe the William’s administration came out with that position soon after or before Canada ratified UNCLOS in 2003.

Will try to find reference in a prior note.

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---

From: Trask, Doug
Sent: Monday, October 02, 2017 12:03 PM
To: Collins, Gerard
Cc: Abundo, Nena
Subject: RE: UNCLOS WG: Next Steps

Sounds good – attached ok for Gordon’s background for the Thursday meeting of the Atlantic Competitiveness Roundtable this week?

In particular, is this accurate? From a slide deck that Wes provided:

In particular, is this accurate? From a slide deck that Wes provided:

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From: Collins, Gerard
Sent: Monday, October 02, 2017 11:08 AM
To: Trask, Doug
Cc: Abundo, Nena
Subject: FW: UNCLOS WG: Next Steps

Doug – just wanted to pass along the e-mail below. I will be setting up a call with Warren for today or tomorrow.
Hi Gerard,

I just realized that it is getting quite late in the afternoon for you. I would like to read the background paper you sent before talking to you, so I think I will wait until Monday to give you a call.

Talk to you next week. Please let me know if there is a specific time that works for you.

Cheers,

Warren
Hi Gerard,

Just a quick e-mail to let you know that I will try to follow up with you later on this week or early next week. I am swamped with another file right now but I will get back to you as soon as possible.

Cheers,

Warren Neill
Economist/Policy Analyst | Économiste/Analyste des politiques
Energy and Economic Analysis Division | Division de l’analyse de l’énergie et de l’économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l’énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neill@canada.ca 343-292-6419

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: September 27, 2017 13:04
To: Tobin, Annette (NRCan/RNCAN) <annette.tobin@canada.ca>; Trask, Doug <DougTrask@gov.nl.ca>; Allen, Fred A. <fredallen@gov.nl.ca>; Neill, Warren (NRCan/RNCAN) <warren.neill@canada.ca>; 'Kenneth.Wong@international.gc.ca'
<Kenneth.Wong@international.gc.ca>; Gardiner, Timothy (NRCan/RNCAN) <timothy.gardiner@canada.ca>
Cc: Wightman, Corey (NRCan/RNCAN) <corey.wightman@canada.ca>; Abundo, Nena <NenaAbundo@gov.nl.ca>
Subject: RE: UNCLOS WG: Next Steps

Hi Annette – thanks for the follow up.

S. 39 (2)

For reference, I have attached a background paper from federal Finance which came out with the Budget back in 2003.

[Warren – feel free to give me a call to discuss moving forward with some analysis when you get a chance. Be great to see the development scenario and timelines that formed the basis of your analysis if possible. See my contact information below.]
Hi everyone,

Cheers
Annette

From: Tobin, Annette (NRCan/RNCan)
Sent: September 25, 2017 17:38
To: 'Trask, Doug' <DougTrask@gov.nl.ca>; 'Allen, Fred A.' (fredallen@gov.nl.ca) <fredallen@gov.nl.ca>; 'gerardcollins@gov.nl.ca' <gerardcollins@gov.nl.ca>; Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>; Kenneth.Wong@international.gc.ca; Gardiner, Timothy (NRCan/RNCan) <timothy.gardiner@canada.ca>
Cc: Wightman, Corey (NRCan/RNCan) <corey.wightman@canada.ca>
Subject: UNCLOS WG: Next Steps

Thanks everyone for participating in today’s call. It was a very productive discussion.

We identified a few follow-up actions that I thought to send out to the group, in the event your memory is anything like mine.

   Gerard’s telephone number is 709-729-4679 and Warren’s is 343-292-6419. As agreed, they will connect to exchange additional analysis and work together to further flesh out the economic impacts of a potential cost sharing regime with deductibility.
3. Ken will provide short written summary of the recent ISA 2017 session, with particular focus on Article 82. Ken will provide by end of week in order to share it with members of the Competitiveness Roundtable prior to Oct 5 meeting.

4. NL and GAC will review the draft definitions paper by end of week with intent to provide copy to Competitiveness Roundtable prior to Oct 5.

5. NL will review draft regulation. No deadline set.

6. We will meet again before end of October to focus on Gerard and Warren’s economic analysis.

I think that was it for now.

Annette

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FYI attached.

Doug

From: Tobin, Annette (NRCan/RNCN) [mailto:annette.tobin@canada.ca]
Sent: Friday, September 29, 2017 5:55 PM
To: Trask, Doug
Cc: Wightman, Corey (NRCan/RNCN); Allen, Fred A.; Collins, Gerard; Neill, Warren (NRCan/RNCN); Gardiner, Timothy (NRCan/RNCN); 'Kenneth.Wong@international.gc.ca'; Slaney, Kristopher
Subject: RE: UNCLOS WG: Next Steps

Thanks a lot, Doug and Gerard. We’ll revise the paper to reflect your comments and address questions. We’ll send out revised version for short discussion at our next call at end of October.

Have a nice weekend!
Annette

From: Trask, Doug [mailto:DougTrask@gov.nl.ca]
Sent: September 29, 2017 13:19
To: Tobin, Annette (NRCan/RNCN) <annette.tobin@canada.ca>
Cc: Wightman, Corey (NRCan/RNCN) <corey.wightman@canada.ca>; Allen, Fred A. <fredallen@gov.nl.ca>; Collins, Gerard <gerardcollins@gov.nl.ca>; Neill, Warren (NRCan/RNCN) <warren.neill@canada.ca>; Gardiner, Timothy (NRCan/RNCN) <timothy.gardiner@canada.ca>; 'Kenneth.Wong@international.gc.ca' <Kenneth.Wong@international.gc.ca>; Slaney, Kristopher <KristopherSlaney@gov.nl.ca>
Subject: RE: UNCLOS WG: Next Steps

Hi Annette,

As promised on item #4.

We look forward to contributing to this work going forward! Enjoy your weekend!

Doug
Hi everyone,

I will collect more information on NPI’s deductibility and CRA’s CIT calculation more generally as we will likely be able to point to it as we design scheme for Article 82.

Cheers
Annette

Thanks everyone for participating in today’s call. It was a very productive discussion.

We identified a few follow-up actions that I thought to send out to the group, in the event your memory is anything like mine.
1. Provide contact information for Gerard Collins and Warren Neil. Both Gerard and Warren are copied here. Gerard’s telephone number is 709-729-4679 and Warren’s is 343-292-6419. As agreed, they will connect to exchange additional analysis and work together to further flesh out the economic impacts of a potential cost sharing regime with deductibility.

3. Ken will provide short written summary of the recent ISA 2017 session, with particular focus on Article 82. Ken will provide by end of week in order to share it with members of the Competitiveness Roundtable prior to Oct 5 meeting.

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Annette

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Revised based on discussion with Fred on last few points of the note.

From: Collins, Gerard  
Sent: Monday, October 02, 2017 12:13 PM  
To: Trask, Doug  
Cc: Abundo, Nena  
Subject: RE: UNCLOS WG: Next Steps

Doug,

From the attached note, see the bullet below:

- A November 5, 2003 letter from then Premier-designate Williams to the Honourable Bill Graham, Canada's then-Minister of Foreign Affairs noted NL's position that, as the signatory to the treaty, the federal government should be responsible for making payments to the ISA once Article 82 is implemented and not the Province or operating companies.

Will try to get the Trim reference.

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division  
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John's, NL • Canada • A1A 1W5  
tel +1 709 729 4679  •  (cell) +1 709 730-3031  •  (fax) +1 709 729 2508

From: Collins, Gerard  
Sent: Monday, October 02, 2017 12:09 PM  
To: Trask, Doug  
Cc: Abundo, Nena  
Subject: RE: UNCLOS WG: Next Steps

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Sent: Monday, October 02, 2017 12:03 PM
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From: Collins, Gerard
Sent: Monday, October 02, 2017 11:08 AM
To: Trask, Doug
Cc: Abundo, Nena
Subject: FW: UNCLOS WG: Next Steps

Doug – just wanted to pass along the e-mail below. I will be setting up a call with Warren for today or tomorrow.

Gerard

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Friday, September 29, 2017 4:23 PM
To: Collins, Gerard
Subject: RE: UNCLOS WG: Next Steps

Hi Gerard,

I just realized that it is getting quite late in the afternoon for you. I would like to read the background paper you sent before talking to you, so I think I will wait until Monday to give you a call.

Talk to you next week. Please let me know if there is a specific time that works for you.

Cheers,
Thanks Warren.

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
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Hi Gerard,

Just a quick e-mail to let you know that I will try to follow up with you later on this week or early next week. I am swamped with another file right now but I will get back to you as soon as possible.

Cheers,

Warren Neill
Economist/Policy Analyst | Économiste/Analytiste des politiques
Energy and Economic Analysis Division | Division de l'analyse de l'énergie et de l'économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l'énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neill@canada.ca 343-292-6419
Hi Annette – thanks for the follow up.

For reference, I have attached a background paper from federal Finance which came out with the Budget back in 2003.

[Warren – feel free to give me a call to discuss moving forward with some analysis when you get a chance. Be great to see the development scenario and timelines that formed the basis of your analysis if possible. See my contact information below.]

Regards,
Gerard

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 4679  •  (cell) +1 709 730-3031  •  (fax) +1 709 729 2508

Hi everyone,

Cheers
Annette

From: Tobin, Annette (NRCan/RNCAn) [mailto:annette.tobin@canada.ca]
Sent: Wednesday, September 27, 2017 1:11 PM
To: Trask, Doug; Allen, Fred A.; Collins, Gerard; Neill, Warren (NRCan/RNCAn); 'Kenneth.Wong@international.gc.ca'; Gardiner, Timothy (NRCan/RNCAn)
Cc: Wightman, Corey (NRCan/RNCAn)
Subject: RE: UNCLOS WG: Next Steps
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   Gerard’s telephone number is 709-729-4679 and Warren’s is 343-292-6419. As agreed, they will connect to exchange additional analysis and work together to further flesh out the economic impacts of a potential cost sharing regime with deductibility.

2. [Redacted]

3. Ken will provide short written summary of the recent ISA 2017 session, with particular focus on Article 82. Ken will provide by end of week in order to share it with members of the Competitiveness Roundtable prior to Oct 5 meeting.

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Annette

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FYI. Will review and incorporate into our analysis going forward.

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
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(tel) +1 709 729 4679 • (cell) +1 709 730 3031 • (fax) +1 709 729 2508

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Thursday, October 12, 2017 2:01 PM
To: Collins, Gerard
Subject: UNCLOS modelling
I hope this is helpful.

Cheers,

Warren Neill
Economist/Policy Analyst | Économiste/Analyste des politiques
Energy and Economic Analysis Division | Division de l’analyse de l’énergie et de l’économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l’énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neill@canada.ca 343-292-6419
Hi Warren,

Thanks for providing the data as per your attached file. For overall economic modelling purposes and more specifically the government revenue calculations, can you review below and provide the following level of data disaggregation if possible:

Corporate Income Tax and Royalty Considerations

1. Capex broken down into drilling and production facilities or other categories – this detail feeds into the tax related capital depreciation calculations for Canadian Development Expenses (Drilling, etc.) and the tangible capital cost allowances (IE rolling start, LTP and AFU rules etc.) for the production facilities.

3. Have you assumed any costs prior to 2019 or the start year in your data table? I am thinking about pre-development costs such as exploration drilling etc. Pre-development costs are also allowed royalty costs and have specific write offs under the income tax act under Canadian Exploration Expenses.

4. Are end of field abandonment costs incorporated into your data?

Just to let you know, I have been in contact with CAPP requesting an update to a deep water FPSO development case provided to NR a few years back. I’d like to be able to share that with you and will hopefully know more tomorrow.

Will be in touch. Thanks again.
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
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(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508
Cheers,

Warren Neil
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Energy and Economic Analysis Division | Division de l'analyse de l'énergie et de l'économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l'énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neil@canada.ca 343-292-6419
Doug – I got a reminder to touch base with Paul Barnes after lunch as he never followed with us Friday past.

Will see what comes back from CAPP.

Gerard

From: Trask, Doug
Sent: Monday, October 16, 2017 10:27 AM
To: Collins, Gerard; Abundo, Nena
Subject: RE: UNCLOS modelling

Looks like we continue on the path of providing a more rigorous and collaborative modeling approach with input from CAPP on the case (if updated).

Doug

From: Collins, Gerard
Sent: Friday, October 13, 2017 4:35 PM
To: Trask, Doug; Abundo, Nena
Subject: FW: UNCLOS modelling

FYI

From: Neill, Warren (NRCan/RNCa) [mailto:warren.neill@canada.ca]
Sent: Friday, October 13, 2017 3:32 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling

Hi Gerard,

2. Because the opex numbers in the model were based on historical data, I assume that transportation costs are included in there. But I didn’t implement any special treatment of transportation costs in our modelling. I don’t have a good sense of what the actual offloading costs and transportation costs to the point of sale would be.

3. I just assumed that the relatively low levels of capex in the first two years would qualify as CEE. I don’t know if the numbers we have for Hibernia for the early years actually were pre-development costs or not, but it seemed to make sense that expenses in the early years would be eligible for CEE treatment so that’s the way it was modelled.
The model implicitly assumes that abandonment will occur after the time horizon of the modelling and ignores those costs. Since the project is assumed to have a long operating life, I’m guessing that the discounting would result in the abandonment costs not being too significant for the economics of the project, but that is just a guess since I don’t know how large those costs would be.

The deepwater FPSO development case would be extremely useful to us. As you can see, our modelling would benefit greatly from some insight into the details of a typical project of this sort.

Have a good weekend.

Warren

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 12, 2017 14:22
To: Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling

Hi Warren,

Thanks for providing the data as per your attached file. For overall economic modelling purposes and more specifically the government revenue calculations, can you review below and provide the following level of data disaggregation if possible:

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1. Capex broken down into drilling and production facilities or other categories – this detail feeds into the tax related capital depreciation calculations for Canadian Development Expenses (Drilling, etc.) and the tangible capital cost allowances (IE rolling start, LTP and AFU rules etc.) for the production facilities.

2. S. 29 (1) (a)
34 (1(a)(i)
S. 39 (2)

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Will be in touch. Thanks again.

Gerard

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Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources  |  56 Elizabeth Avenue, 4th Floor  |  St. John’s, NL  |  Canada  |  A1A 1W5
(tel) +1 709 729 4679  |  (cell) +1 709 730 3031  |  (fax) +1 709 729 2508

From: Neil, Warren [NRCan/RNCen]  |  warren.neill@canada.ca
Sent: Monday, October 23, 2017 10:45 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Why don't you send me your cash flow summaries. I can check to see how close my model gets with the same scenarios, and then we can talk to discuss the agenda for the meeting.

Cheers,

Warren

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 23, 2017 09:10
To: Neill, Warren [NRCan/RNCen]  |  warren.neill@canada.ca
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Warren – I just got out of a meeting, so I figured you would be not long in the office.

Just let me know what works for you. Can call you now if that works.

Gerard

From: Neill, Warren [NRCan/RNCen]  |  warren.neill@canada.ca
Sent: Monday, October 23, 2017 9:09 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Sounds good. You can call me now if you want or we can arrange to talk later on.

Warren

Warren Neill
Economist/Policy Analyst  |  Économiste/Analyste des politiques
Energy and Economic Analysis Division  |  Division de l'analyse de l'énergie et de l'économie
Energy Policy Branch  |  Direction de la politique énergétique
Energy Sector  |  Secteur de l'énergie
Natural Resources Canada  |  Ressources naturelles Canada
warren.neill@canada.ca  |  343-292-6419
From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 23, 2017 07:34
To: Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Warren,

With the conference call this coming Friday, can we touch base sometime today to discuss what we will be bringing forward as per an agenda?

Thanks,
Gerard

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From: Collins, Gerard
Sent: Friday, October 20, 2017 2:30 PM
To: Neill, Warren (NRCan/RNCan)
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

S. 29 (1) (a)
34 (1)(a)(i)
S. 39 (2)

Gerard

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Friday, October 20, 2017 10:48 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Hi Gerard,

S. 29 (1) (a)
34 (1)(a)(i)
S. 39 (2)

Thanks.
Warren

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 19, 2017 11:04
To: Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Warren – thanks for the follow up.

For completeness, I’d figure I send along another extracted portion of my model on CIT. The Atlantic ITC is not applicable and the attached extends down to 2065 where the undepreciated amounts are carried down. The cash flow table and analysis period end in 2058 so the totals will obviously be different.

I like to know how your CIT figures jump up at the end as per your chart if you get a chance.

Be happy to discuss the attached further if you wish.
Hi Gerard,

From: Neil, Warren (NRCan/RNCan)  [mailto:warren.neil@canada.ca]
Sent: Thursday, October 19, 2017 11:36 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

S. 29 (1) (a)
S. 34 (1)(a)(i)
S. 35 (1) (d)
S. 35 (1) (g)
S. 39 (2)
low, but the CIT numbers don’t match up perfectly either.

I’ve got to do some work on another project, but I’ll try to compile my results and send them to you in the next day or so.

Cheers,

Warren

---

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 18, 2017 15:43
To: Nell, Warren (NRCan/RNCan) <warren.nell@canada.ca>
Subject: Re: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Basic Royalty is a credit against Net Royalty. Are you paying both royalties incremental to each other? That could be it.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Nell, Warren (NRCan/RNCan)
Sent: Wednesday, October 18, 2017 5:09 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Gerard,

There was a problem with the discounting in the section of my model where the results are reported. After fixing that, the NPVs line up better now. I don’t discount the extra half year, so that probably accounts for the difference that remains.

The main discrepancy now seems to be the net royalties. Generally speaking, my net royalty rate seems to be a bit lower than yours. This makes sense, since my annual rate is based on the prior year whereas yours ramps up as the year proceeds. So it must be that I am multiplying the net royalty rate by a higher base than you when calculating the net royalty amount. For the base, I am using gross revenues minus capital minus operating minus transportation costs. The numbers I am getting using that formula match up fairly well with what you have in your “net royalty base” column. But it looks like you are subtracting something from the numbers in that column to calculate the net royalty. What am I missing?

Thanks.

Warren

---

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 18, 2017 14:42
To: Nell, Warren (NRCan/RNCan) <warren.nell@canada.ca>
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Warren,

To illustrate the discounting going on in my model, I have reattached the summary table with the NPV 10 calculations which are highlighted in red to the right of the cash flow table. The blue section is the NPV 15 calcs but the formulas have not been updated. These columns, without the formulas linked, were simply hidden when I sent the file earlier. I am discounting all of my cash flows from 2019 onward back to the middle of 2017 using the annual mid-technique.

I am not at all surprised that you are $5 billion higher as I suspect this is due to the annual vs monthly based calculation. I have seen this a few times now in other calibration work with CAPP. I will look to provide a year with the monthly derivation for you to compare. Perhaps we can have another call.

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From: Nell, Warren (NRCan/RNCan) [mailto:warren.nell@canada.ca]
Sent: Wednesday, October 18, 2017 3:50 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?
that right?

Warren

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 18, 2017 12:03
To: Neill, Warren (NRCan/RNCan) <wneill@canada.ca>
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Thanks Warren. Certainly agree with running a more realistic development case within current economic outlooks around the key parameters such as oil price.

I can share the data if you like.

Gerard

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From: Neill, Warren (NRCan/RNCan) [mailto:wneill@canada.ca]
Sent: Wednesday, October 18, 2017 10:43 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Hi Gerard,

Please see my comments in blue.

Yes, except that I think I used the August Sproule forecast. But I don’t think the forecast changed for the period we are looking at.

Thanks for that.

From: Neill, Warren (NRCan/RNCan) [mailto:wneill@canada.ca]
Sent: Wednesday, October 18, 2017 9:52 AM
To: Collins, Gerard
Hi Gerard,

I just received your latest e-mail. I should have gotten this to you earlier. The Sproule forecast that I used has the oil price ramp up to $75/bbl (nominal) in 2021 and then basically remain stable in real terms after that (so a constant real price of about $70/bbl in today’s dollars). I have added the price forecast to the attached file.

Out of curiosity, do you have a view on the future oil price? Personally, I won’t be surprised if we see $100 again for a few years starting around 2020 or maybe a bit earlier as lack of investment leads to a bit of a supply shortage. But I think peak demand will be on the horizon shortly after that, so in the long term, this Sproule forecast seems fairly reasonable to me. Personally wouldn’t put my money on the line for a project that expects an extended period of >$70 oil to recoup capital costs. Offshore Newfoundland seems better positioned to me than oil sands, but shale guys who can produce at $40 or less and ramp up to full steam within a year if oil hits $100 are the really fortunate ones.

Cheers,

Warren

From: Collins, Gerard  
[mailto:gerardcollins@gov.nl.ca]
Sent: October 17, 2017 14:46
To: Neill, Warren  
[NRCan/RNCan] <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling - Oil Price $75 (Real or nominal)?

Warren – with respect to the oil price, you reference $75US/bbl. Is this a real dollar price forecast? If so, what is your base year for escalation and the escalation rate?

Thanks,

Gerard

Gerard Collins  
Manager, Research & Analysis – Economics & Benefits Division
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Canada  
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(phone) +1 709 729 4679  
(cell) +1 709 730 8031  
(email) +1 709 729 2508

From: Neill, Warren  
[NRCan/RNCan]  
Sent: Tuesday, October 17, 2017 3:22 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling

Gerard,

I’ve attached my new modelled assumptions, which are highlighted in orange in the file.

After year 2, I escalated capex and opex by an extra year to account for the additional year in the development period. I also assumed that the opex numbers I have been using are only for field opex, and I added the transportation costs to those to get total opex. Previously, I had been assuming that transportation costs were included in the opex numbers that I have.

If you want, I can send you the modelling results based on these assumptions tomorrow morning.

Cheers,

Warren

From: Collins, Gerard  
[mailto:gerardcollins@gov.nl.ca]
Sent: October 17, 2017 10:59
To: Neill, Warren  
[NRCan/RNCan] <warren.neill@canada.ca>
Cc: Abundo, Nena  
[NENAAbundo@gov.nl.ca]
Subject: RE: UNCLOS modelling

Warren – Thanks for the call this morning.

I made the CEE adjustments pretty quickly. With adding in a year, the TC unit amount also changes given cost escalation.
If you have any other adjustments from your end, just send the file back later.

Will touch base later on the provincial tax allocation piece as discussed.

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(tel) +1 709 729 4679 • (cell) +1 709 730 3031 • (fax) +1 709 729 2508

From: Neil, Warren (NRCan/RNCan) [mailto:warren.neil@canada.ca]
Sent: Tuesday, October 17, 2017 10:36 AM
To: Collins, Gerard
Subject: RE: UNCLOS modelling

11:30 NL time sounds good. Do you want to call me? My number is 343-292-6419.

Cheers,

Warren

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 17, 2017 08:30
To: Neil, Warren (NRCan/RNCan) <warren.neil@canada.ca>
Cc: Abundo, Nena <nenaAbundo@gov.nl.ca>
Subject: RE: UNCLOS modelling

Warren – in light of not hearing back from CAPP on a FPSO development scenario so far, I have added in some further detail and adjustments to your case data based on your e-mail and some general observations from my end. See attached.

Still got some concerns around exploration and the timelines from discovery to the intrinsically assumed sanction/commencement date or Jan 2021.

just let me know what time works for you are per my e-mail late yesterday.

Thanks,

Gerard

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From: Collins, Gerard
Sent: Monday, October 16, 2017 5:05 PM
To: Neil, Warren (NRCan/RNCan)
Subject: Re: UNCLOS modelling

Warren,

I’m open all morning up to my typical lunch hour 12:30 to 1:30. How about 11:30 or 12 NL time?

Gerard

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Neil, Warren (NRCan/RNCan)
Sent: Monday, October 16, 2017 4:58 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling

Hi Gerard,

How about sometime before noon tomorrow? (before 1:30 your time)

Cheers,

Warren
From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 16, 2017 15:10
To: Neil, Warren [NRCan/RNCan] <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling

Warren – are you available for a quick call tomorrow or Wednesday? I’d like to discuss data for the follow up analysis going into the next meeting. Looks like Annette is trying to line up a meeting/call for the end of the month.

Thanks,
Gerard

---

From: Neil, Warren [NRCan/RNCan] [mailto:warren.neill@canada.ca]
Sent: Friday, October 13, 2017 3:32 PM
To: Collins, Gerard
Subject: RE: UNCLOS modelling

Hi Gerard,

2. Because the opex numbers in the model were based on historical data, I assume that transportation costs are included there. But I didn’t implement any special treatment of transportation costs in our modelling. I don’t have a good sense of what the actual offloading costs and transportation costs to the point of sale would be.

3. I just assumed that the relatively low levels of capex in the first two years would qualify as CEE. I don’t know if the numbers we have for Hibernia for the early years actually were pre-development costs or not, but it seemed to make sense that expenses in the early years would be eligible for CEE treatment so that’s the way it was modelled.

The deepwater FPSO development case would be extremely useful to us. As you can see, our modelling would benefit greatly from some insight into the details of a typical project of this sort.

Have a good weekend.

Warren

---

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 12, 2017 14:22
To: Neil, Warren [NRCan/RNCan] <warren.neill@canada.ca>
Subject: RE: UNCLOS modelling
Hi Warren,

Thanks for providing the data as per your attached file. For overall economic modelling purposes and more specifically the government revenue calculations, can you review below and provide the following level of data disaggregation if possible:

Corporate Income Tax and Royalty Considerations
1. Capex broken down into drilling and production facilities or other categories – this detail feeds into the tax related capital depreciation calculations for Canadian Development Expenses (Drilling, etc.) and the tangible capital cost allowances (IE rolling start, LTP and AFU rules etc.) for the production facilities.

3. Have you assumed any costs prior to 2019 or the start year in your data table? I am thinking about pre-development costs such as exploration drilling etc. Pre-development costs are also allowed royalty costs and have specific write offs under the income tax act under Canadian Exploration Expenses.
4. Are end of field abandonment costs incorporated into your data?

Just to let you know, I have been in contact with CAPP requesting an update to a deep water FPSO development case provided to NR a few years back. I'd like to be able to share that with you and will hopefully know more tomorrow.

Will be in touch. Thanks again.
Gerard

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(tel) +1 709 729 4679 • (cell) +1 709 720 8031 • (fax) +1 709 729 2508

From: Neill, Warren [NRCan/RNCan] [mailto:warren.neill@canada.ca]
Sent: Thursday, October 12, 2017 2:01 PM
To: Collins, Gerard
Subject: UNCLOS modelling

Hi Gerard,
I hope this is helpful.

Cheers,

Warren Neill
Economist/Policy Analyst | Économiste/Analyste des politiques
Energy and Economic Analysis Division | Division de l'analyse de l'énergie et de l'économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l'énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neill@canada.ca  343-262-6419

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Binder 4
Warren,

Got a preliminary draft for you to have a look at.... still not complete.

Got two sensitivities around the base for what the Article 82 rates could apply to in the analysis summaries.

Appreciate your initial thoughts. Can chat tomorrow for a few minutes if you are free.

Thanks,
Gerard

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Key Fiscal, Benefits and Regulatory Obligations

Inside 200nm
- NL Royalty
- Provincial Corporate Income Tax
- Federal Corporate Income Tax
- C-NLOPB R&D Expenditures
- Carbon Pricing

Outside 200nm
- NL Royalty
- Provincial Corporate Income Tax
- Federal Corporate Income Tax
- C-NLOPB R&D Expenditures
- Carbon Pricing
- UNCLOS Article 82

- NL Equity Agreements could also apply
- NL Benefits Agreements would also apply

Computation of Taxable Income
401 This Part applies to determine the amount of taxable income of a corporation earned in a taxation year in a particular province.

General Rules
• 402 (1) Where, in a taxation year, a corporation had a permanent establishment in a particular province and had no permanent establishment outside that province, the whole of its taxable income for the year shall be deemed to have been earned therein.
• (2) Where, in a taxation year, a corporation had no permanent establishment in a particular province, no part of its taxable income for the year shall be deemed to have been earned therein.
• (3) Except as otherwise provided, where, in a taxation year, a corporation had a permanent establishment in a province and a permanent establishment outside that province, the amount of its taxable income that shall be deemed to have been earned in the year in the province is
  • (a) in any case other than a case specified in paragraph (b) or (c), 1/2 the aggregate of
    • (i) that proportion of its taxable income for the year that the gross revenue for the year reasonably attributable to the permanent establishment in the province is of its total gross revenue for the year, and
    • (ii) that proportion of its taxable income for the year that the aggregate of the salaries and wages paid in the year by the corporation to employees of the permanent establishment in the province is of the aggregate of all salaries and wages paid in the year by the corporation;
Canada’s Annual Contributions to UN Regular Budget

Canada's Annual Contribution to the UN Regular Budget

Annual Contributions from 1990 to 2008 averaged $46M.

Annual Contributions from 2009 to 2017 averaged $85M.
Summary Points

- Summary points on Article 82 impacts…
- Updated data for the analysis …CAPP
- ....
- ......
Nena, please find attached a draft meeting note for the Minister's meeting with the NOIA Executive on November 1, 2017. I am available to discuss.

Thanks
Angie

--------< HPE Records Manager record Information >--------

Record Number : BN-9395
Title : Meeting Note - Minister Coady and NOIA - November 1, 2017
Meeting Note
Department of Natural Resources
Newfoundland and Labrador Offshore Industries Association (NOIA)
8:30-9:30 am
November 1, 2017
Minister’s Board Room

Attendees:  NOIA Executive:
Chair - Andrew Bell, K&D Pratt Group
Vice-Chair – Liam O’Shea, Atlantic Offshore Medical Services
Past Chair – Raymond Collins, PF Collins International Trade Solutions
Treasurer – Mike Critch, NSB Energy
*Bios are included in Appendix A

NL:
Minister Siobhan Coady
Gordon McIntosh
Fred Allen

Purpose of Meeting:
- The NOIA Executive has requested a meeting with Minister Coady to discuss recent issues/developments for the NL oil and gas industry. While there has been no Agenda provided for the meeting, it is expected the discussions will focus on:
  1. Federal Review of Canadian Environmental Assessment Processes (CEAA);
  2. Industry Competitiveness;
  3. Local Supplier Development;
  4. White Rose Extension Project
  5. Business Development and Innovation Fund

- Other potential Agenda items have been outlined and attached in appendixes as follows:
  1. Offshore Regulatory Initiatives (FORRI/OHS) – See Appendix B;
  2. Land Tenure Review – See Appendix C;
  3. Generic Offshore Regulatory Regime – See Appendix D;
  4. UNCLOS Article 82 – See Appendix E;
  5. PanCanadian Framework on Clean Growth and Climate Change – See Appendix F;
  6. Offshore Exploration Update – See Appendix G

Background:
- NOIA was founded in 1977 and is the largest offshore oil and gas industry association in Canada with over 600 members. NOIA promotes the development of East Coast Canada’s hydrocarbon resources and facilitates member participation in global oil and gas industries.

- NOIA is a member-directed association and is governed by an elected volunteer Board of Directors, which provides strategic direction to the Association’s professional staff. The current Board was elected at its Annual General Meeting in February 2017 and includes twelve members. The current chair of the NOIA Board is Andrew Bell who succeeded Raymond Collins.
• NOIA membership includes: petroleum companies, trade associations and government bodies at the municipal, provincial and federal levels.

• NOIA’s Fall Seminar will take place on November 15, 2017. The theme of the Seminar is “NL Offshore: Prospectivity to Prosperity” and will focus on what makes the oil & gas industry essential to Newfoundland and Labrador. Seminar presentations will examine royalties from the macro perspective; the 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.

• At NOIA’s 2017 Annual General Meeting in February, the incoming NOIA Chair, Andrew Bell, stated he plans to focus primarily on two areas; the first being faster development of our resources and the second being local content and enhanced opportunities for NL-based companies.

Agenda Item #1 – Federal Government Review of Environmental and Regulatory Processes (C-NLOPB as Responsible Authority for CEAA 2012)

• The Government of Canada (GoC) has committed to reviewing and modernizing environmental assessment and regulatory processes. After extensive public consultations, Expert Panel reports and Parliamentary studies conducted over the last 12 months, on June 30, 2017, the GoC released a discussion paper outlining potential reforms being considered to rebuild trust and modernize Canada’s environmental and regulatory processes. This includes a review of the Canadian Environmental Assessment Act, 2012 (CEAA 2012), the National Energy Board Act, the Fisheries Act, and the Navigation Protection Act.

• The proposed reforms are based on the guiding principles of fair, predictable and transparent environmental assessment and regulatory process; participation of indigenous peoples; inclusive and meaningful public engagement; timely, evidence-based decisions; and utilizing the one project – one assessment approach.

• Key measures being considered include:
  o Establishing a single government agency responsible for assessments of federally designated projects. The review would go beyond environmental impacts to also consider social, health and economic aspects of a project and require a gender-based analysis. Joint assessments will be undertaken with the life cycle regulator for major energy transmission, nuclear and offshore oil and gas projects.
  o Requiring an early planning phase to foster greater collaboration and engagement between proponents, Indigenous peoples, stakeholders, the public and federal and provincial governments.
  o Early and regular engagement and partnership with Indigenous peoples based on recognition of Indigenous rights and interests from the outset.
  o Restoring lost protections and incorporating modern safeguards to the Fisheries Act and the Navigation Protection Act.

• Of key importance to the province is the designation of the C-NLOPB as a Responsible Authority (RA) for the purpose of environmental assessments. On October 17, 2016, Minister Coady wrote Minister McKenna (Environment and Climate Change Canada) requesting that the C-NLOPB be designated RA. In addition, in December 2016, the Minister
submitted a written comment to the Expert Panel to review federal environmental assessment processes indicating that the C-NLOPB is best suited to conduct environmental assessments in the NL offshore area. The Minister also reiterated similar messages to the May 5th deadline for comments on the Expert Panel Report followed up with correspondence to Minister McKenna.

**Analysis**

- It has been the position of NL that the C-NLOPB should be so designated as the RA for conducting environmental assessments in the offshore area. The C-NLOPB possesses the experience and technical expertise and is the best placed regulator to conduct environmental assessments. The Accord Acts explicitly mandate the C-NLOPB with the administration of offshore oil and gas exploration and development on behalf of each government. This mandate includes protection of the environment which was the responsibility of the C-NLOPB, as RA, until federal amendments unilaterally removed such designation in 2010.

- Currently, the Canadian Environmental Assessment Agency is the RA for environmental assessments in the Atlantic offshore. Amendments to the Accord Acts in February 2016 set out the C-NLOPB’s responsibilities as RA; however, in order to come into force the designation as RA requires amendments to the regulations promulgated under CEAA 2012. As previously mentioned, Minister Coady has written Minister McKenna requesting that this be fast-tracked. This position has been also taken by Nova Scotia whose Accord legislation was also amended in 2016 regarding RA designation for the CNSOPB.

- On June 29, 2017, a discussion paper on Review of Environmental and Regulatory Processes was released by the GoC inviting comments from interested parties no later than August 28, 2017. The discussion paper referenced environmental assessments in the offshore petroleum sector and potential roles for offshore regulators respecting same. These references appear to indicate that the GoC is open to the concept of the C-NLOPB in some form of governance role and having responsibilities for environmental assessment activities in the offshore. On August 25, 2017, Minister Coady submitted a letter on the discussion paper reiterating NL’s position that the C-NLOPB is best suited to conduct environmental assessments and strongly recommended that CEAA expedite the requisite amendments to its regulations to pave the way for RA designation as contemplated under the 2016 Accord Acts amendment.

- Federal officials have advised that a mandate to draft and introduce legislative changes to federal legislation is on track for fall 2017 with Bill introduction on track for winter 2018. NL officials have not been advised or consulted to date on these proposed legislative changes.

- NOIA’s position has been that the proposed legislative reforms could have a crippling impact on the NL oil and gas industry. While NOIA previously submitted their views to GoC on behalf of their industry members, on October 20, 2017 NOIA sent an email to its members urging them to directly contact the federal Ministers of NRCan and Environment and Climate Change to enforce the message. NOIA has suggested its members indicate:
  - Recognize the legitimate role of experienced offshore regulators, the C-NLOPB and CNSOPB in particular;
  - Not impede exploration by requiring an environmental assessment for the first well in a new area,
o Recognize that oil exploration and production are critical to the economy of Canada the
Atlantic Region in particular, and
o Recognize that the exploration, development and production of our offshore resources is
in the public interest and must be supported.

Potential Speaking Points:
• The Minister may wish to:
o Confirm our commitment to ensuring the RA designation and indicate that the
Department has provided a written submission to that effect.
o Acknowledge receipt of NOIA’s submission to the Federal Government on the
environmental and regulatory processes review.
o Acknowledge and agree with NOIA’s request to its members to directly contact the
federal Ministers regarding their positions on the reviews.

Proposed Actions:
• NR will continue to work towards ensuring that an RA designation of the C-NLOPB is made
and to monitor developments at the federal level regarding intentions to advance legislative
changes.

Agenda Item #2 – Industry Competitiveness:
• NL’s oil and gas priorities are to focus on the future development of the oil and gas industry,
with the intent of developing a more sustainable and competitive industry, while ensuring
that NL residents and businesses are the principal beneficiaries of all projects. NR is
participating in a number of activities to ensure the sustainability and competitiveness of our
oil and gas industry including: the Oil and Gas Industry Development Council; the NL
Competitiveness Review; and the Offshore Petroleum Competitiveness Roundtable.

a. Oil and Gas Industry Development Council:
• In December 2016, the Provincial Government established the Oil and Gas Industry
Development Council to assist government in determining the long term vision for the
provinces future in the oil and gas sector and focus on developing a more sustainable and
competitive industry

• Minister Coady is Chair, and Newfoundland and Labrador Oil and Gas Industries (NOIA)
and the Canadian Association of Petroleum Producers (CAPP) will be fixed members.
Other members were appointed to the Council using the merits-based appointment process.
The current members are: Raymond Collins (NOIA representative); Robert Crosbie; Gus
Doyle; William (Bill) Fanning; Stephanie Hickman; Kimberly Keating; Malcolm Maclean;
Sean Power; and Gisle Stjern (CAPP representative).

Analysis:
• NOIA called upon the establishment of the Council in their “Redefining Oil” strategy
framework released in 2015. NOIA’s position has been that a collaborative approach is
critical to ensuring resources are developed in a manner that will result in a sustainable
industry and that the council will develop a long-term strategy that reinvigorates participation
of the local supply and service sector.

• The council began meeting in January 2017 and last met on October 6, 2017. Recent
discussions have focused on current issues such as CEAA, the NL Competitiveness Review
and the Atlantic Competitiveness Roundtable and focused on short, medium and long-term priorities such as:
  o **Short-term (18 months):** competitiveness; basin specific strategies; natural gas development; promotion of the oil and gas industry; accelerated development options and collaborative development strategies.
  o **Medium-term (5 years):** Integrated operations; new development models; innovative agenda (alignment of SMEs, broader economic prosperity, export capability; skill/expertise enhancement; natural gas commercialization; decreased timeframe from prospectivity to production.
  o **Long-term (2030):** Integration of oil and gas sector with clean energy; development of natural gas industry; exploitation of secondary processing opportunities; exporting NL expertise globally; and industrialization of supply and service sector.

**Potential Speaking Points:**
- The Minister may wish to:
  o Inquire as to NOIA’s opinion on the Council work to date.
  o Indicate she is looking forward to discussions at the next meeting on November 24, 2017.

**Proposed Actions:**
- NR has committed to develop a discussion paper on the short, medium and long term priorities for discussion at the next council meeting in November 2017.

**b. Competitiveness Review:**
- In October 2017, NR contracted Wood Mackenzie (WM) to undertake an assessment of the international competitiveness of the Newfoundland and Labrador offshore oil and gas sector with a comparison to selected competing jurisdictions (the Review).

**Analysis:**
- The focus of the Review will be on factors impacting exploration and development investment decisions and an analysis of the province’s position compared to other jurisdictions competing for investment. As such, the study will include:
  o Overview of the key factors impacting offshore exploration and development decisions. Examples of factors to be considered include geological prospectivity, cost and operating environment, fiscal regime (including information on government take, EMV, IRR, etc.), regulatory and benefits considerations, as well as other relevant factors;
  o Analysis of Newfoundland and Labrador’s competitiveness on key factors relative to other jurisdictions;
  o Expert opinion on Newfoundland and Labrador’s competitive position;
  o Identification of competitiveness issues facing other jurisdictions; and,
  o Identification of potential areas for future consideration that may enhance the competitiveness of the Newfoundland and Labrador offshore oil and gas sector.

- A draft report is expected from WM by the end of October with completion in early November, 2017.

**Potential Speaking Points:**
- The Minister may wish to:
  o Provide an update on completion of the Review and discuss any immediate next steps.
Proposed Actions:
- NR will conduct further analysis on this issue once the Review has been received from WM.

c. Offshore Petroleum Competitiveness Roundtable:
- NR has been participating in Atlantic Competitiveness Roundtable which includes Natural Resources Canada, the Canadian Association of Petroleum Producers (CAPP), and the Province of Nova Scotia.

- The Roundtable’s vision is for “a strong and sustainable offshore petroleum industry that contributes significantly to the long-term economic growth of Atlantic Canada and to Canada more broadly.” The Roundtable has agreed on the following key principles:
  o Safety, environmental, and economic objectives must be considered in decision-making; safety and environmental policy supports economic growth;
  o Canada’s offshore petroleum sector must be competitive globally in order to attract capital to the industry;
  o Governments, regulators, industry, Indigenous groups, and stakeholders need to work together to advance shared objectives in a clear and transparent way, while ensuring a stable and predictable policy framework.

- During the summer 2017, the Roundtable participants developed an Action Plan to focus on relevant issues including:
  o Regulatory/Legislative Modernization Agenda
  o Environmental Assessment
  o The Pan-Canadian Framework on Clean Growth and Climate Change
  o UNCLOS – Article 82
  o Study on Offshore Competitiveness
  o Industry Incentives
  o Innovation Superclusters

- The Roundtable most recently met on October 5, 2017 in St. John’s. Discussions focused on Initiatives under each scope of work. Each participant is responsible for taking the lead on a specific scope of work as outlined above.

- NL is taking the lead on the Study on Offshore Competitiveness. This activity will be informed by the current NL Competitiveness Review outlined above. As next steps NL indicated they may circulate the Competitiveness Review by Wood Mackenzie with the Roundtable for further work/analysis.

Potential Speaking Points:
- The Minister may wish to:
o Indicate her support for the establishment of the roundtable and its vision to support a strong and sustainable offshore petroleum industry that contributes significantly to the long-term economic growth of Atlantic Canada.

o Refer to NR’s participation in the Roundtable and indicate that the results of the Competitiveness Review may inform the discussions going forward.

o Outline that NL is also working through the Roundtable and with industry to develop a Third Party Access to Infrastructure Code of Practice.

**Proposed Actions:**
- With respect to the Study of Offshore Competitiveness, NL may circulate the Competitiveness Review by Wood Mackenzie with the Roundtable for further work/analysis.

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**Agenda Item #3 - Local Supplier Development:**
- Historically, NOIA has expressed concern regarding the future for locally owned and operated companies in the oil and gas industry. These concerns include:
  o Procurement contracts going to international service providers;
  o Insufficient oversight of the benefits provisions of the Atlantic Accord;

**Analysis:**
- NOIA has raised concerns about specific procurement practices being utilized by operators and tier 1 suppliers, including bundling, reverse auctions, and global frame agreements, which NOIA believes are non-compliant with the Accord provisions. The CNLOPB has advised they are monitoring these activities and that they are in compliance with the Accord.

- NOIA’s position is that the CNLOPB should intensify its focus on local benefits and should expand their objective beyond the requirements for Benefits Plans and statutory obligations.

- Although NR agrees with a number of NOIA’s concerns, there are limitations with the Atlantic Accord legislation as it relates to securing industrial benefits in the province. As such, Government requires Benefits Agreements, which are monitored and enforced by NR, directly with project owners that typically extend beyond the Accord provisions to further solidify benefits to the province on a contractual basis. It is possible that future Benefits Agreements could address some of NOIA’s concerns.

- The Minister has met with the CNLOPB on multiple occasions on this issue and has also met with ExxonMobil to express concerns with procurement practices and compliance with the Accord. The Minister is also focused on improving Board governance at the CNLOPB, including separation of the Chair/CEO roles, and enhancement of its Benefits division.

- NOIA may request that Government put pressure on the CNLOPB to take a more active role in enforcing the Accord provisions.

**Potential Speaking Points:**
- The Minister may wish to:
  o Support NOIA’s general view that ensuring local benefits is critically important for offshore work in this province.
- Stress that the CNLOPB, not Government, is responsible for the enforcement of the Atlantic Accord and the administration of benefits in the NL offshore.
- Inform NOIA that the Minister has met with and written the CNLOPB to ensure active enforcement of full and fair provisions under the Accord.
- Stress to NOIA that first consideration provisions are on a competitive basis and that local companies have to be competitive to win contracts.
- Assure NOIA that Government is committed to maximizing local benefits which we accomplish through the negotiation of Benefits Agreements.

Proposed Actions:
- NR will continue to work with the CNLOPB to ensure active enforcement of full and fair provisions under the Accord.
- NR will continue to monitor the bidding process on major contracts and work with the CNLOPB to ensure that the process is consistent with the Atlantic Accord legislation.
- NR will continue to negotiate Benefits Agreements with project operators to further solidify benefits to the province.

Agenda Item #4 - White Rose Expansion Project Procurement (WREP):
- In May, 2017, Newfoundland and Labrador and Husky Energy announced that Husky was moving forward with the WREP project. Development costs for the project are estimated at $2.2 billion with First Oil expected in 2022. The project has an anticipated 25 year field life and is expected to generate between $3 and $4 billion in economic benefits for the Province in the form of royalties, taxes and equity payments. It will create 250 permanent platform jobs and up to 1,500 additional direct and indirect positions.

Analysis:
- A significant amount of the project work, from engineering through to installation, is being undertaken in Newfoundland and Labrador, including the Graving Dock, the Concrete Gravity Structure (CGS), the Accommodations Module, the Flare boom, the Heli-deck and lifeboat stations, along with the sub-sea marine activities work scope.
- The WREP has been progressing over the last several months. The contract for the construction of the CGS in Argentia was awarded in August, 2017, to a General Partnership consisting of SNC-Lavalin/ Dragados and Pennecon. The contract for fabrication of the living quarters (LQ) was also awarded in August to Kiewit Offshore Services in Marystown. TechnipFMC has been awarded development of the Subsea Tie-Back System and the contracts for the Flare Boom; the Heli-deck and lifeboat stations are forthcoming.
- Other awarded contracts include: fabrication of Topsides to Kiewit Offshore Services in Ingleside, Texas; detailed engineering and design of the Topsides to Woodgroup Canada; detailed engineering and design for civil/marine to Arup Canada; Tow out and installation of the CGS to Kvaerner Canada; and transportation and installation of the Topsides to Dockwise (transportation) and Aliseas (installation).
- While SNC-Lavalin/Dragados/Pennecon, Kiewit, TechnipFMC and Wood Group have been awarded the prime contracts for the WREP, these companies will be offering subcontracts for various aspects of the construction phase in the coming months.
• At the WREP Supplier Development Session held on October 3, 2017 in St. John’s several companies (Kiewitt Offshore Services, TechnipFMC and SDP) who have been awarded prime contracts for the NL WREP construction, outlined their procurement strategies and potential upcoming sub-contracts.

• Most recently, M.H.Wirth (a Norwegian contractor) has secured a sub-contract with Wood Group to supply a drilling package for the WREP. The drilling package will form part of the 30,000-tonne topsides that is being designed by Wood Group. The value of the contract was not disclosed but is estimated at approximately 35 (1) (g)

• On October 23, 2017, Husky submitted Benefit’s Plan Supplement to the Board to outline current benefits provisions and provide updates on procurement and employment.

Potential Speaking Points:
• The Minister may wish to:
  o Express optimism about the progress of the WREP development and procurement opportunities for NOIA members.
  o Ask NOIA to share its views on procurement opportunities to date.

Proposed Actions:
• NR will continue to monitor procurement for the WREP.

Agenda Item #5 - Business Development and Innovation Fund:
• $60 million in funding was announced by the Government of Newfoundland and Labrador and Husky on May 29, 2017, as part of the agreement to proceed with the White Rose Expansion Project (WREP). The intent of the funding is to make strategic investments for the future development and growth of the oil and gas industry in the Province. As agreed, the WREP Proponents will make annual $6 million contributions to the fund for a period of ten years commencing on January 1, 2018.

Analysis:
• Government has begun development of a framework which will set out the parameters of the fund. Pending Cabinet approval, NL will commence fund administration and consideration of projects that align with its strategic purpose to strengthen industry capacity in the Province’s oil and gas sector.

Potential Speaking Points:
• The Minister may wish to:
  o Outline that NR is developing the Framework for the fund which will set out the specific parameters for fund administration.
  o Commit to providing additional information and discovering specific opportunities once the Framework is developed and approved by Cabinet;
  o Inquire as to NOIA’s views on the funding.

Proposed Actions:
NR is conducting research and developing a Cabinet submission to outline a Framework for the funding.

Prepared/Approved by: A. Philpott/A. Krakowka/P. Parsons/F. Allen/
Ministerial Approval:

October 26, 2017
Appendix A
Biographies

**Andrew Bell** is the Chief Executive Officer of the Bell Group. He joined the family business in 1991 and was appointed CEO in early 2003. He has been actively engaged in the Newfoundland offshore industry and acquired K&D Pratt, an industrial supply and service company in 2003. Mr. Bell has transformed his family business into a diversified Newfoundland based firm with operations across Atlantic Canada. His past educational accomplishments include a Bachelor of Commerce degree from Dalhousie University and the Executive Development Program at Queen’s University. In addition to his current role as Chair of NOIA, he has also served in other leadership roles within the community: President, Rotary Club of St. John’s East and Director of the St. John’s Board of Trade.

**Liam O’Shea** is the General Manager/Principal of Atlantic Offshore Medical Services (AOMS) Group of Companies, a local Newfoundland company. He has been in this role since 2002. He has overseen operations in NS and is currently managing all AOMS operations from NL. Mr. O’Shea has overseen the expansion of AOMS from roughly 42 employees to now 156 part time and full time employees across Canada. He currently serves on the NOIA Board of Directors in the position of Vice Chair. Mr. O’Shea has a Bachelor of Commerce through St. Mary’s University and a MBA from Queen’s University.

**Raymond Collins** is the President of PF Collins International Trade Solutions, a fourth-generation international trade and project logistics provider employing over 100 staff in St. John’s, Halifax, Moncton, and Calgary. Mr. Collins joined the family business in 2000. He has been a member of the NOIA Board of Directors for the past five years. He currently serves on the NOIA Board of Directors in the position of Past Chair. Mr. Collins is an Economics graduate from Memorial University and holds an MBA from St. Mary’s University. He is a Qualified Officer under the Canada Border Services Agency’s Customs Broker Licencing requirements, and a Certified Customs Specialist through the Canadian Society of Customs Brokers.

**Michael Critch** is Chief Executive Officer of NSB Energy; Director, Frontier Subsea; and Director, Omega Project Solutions. He served on NOIA’s Board of Directors from 2006-2013 and was Chair of NOIA in 2012. He currently serves on the NOIA Board of Directors in the position of Treasurer. From 2004-2012 Mr. Critch was President of Fabcon-Canada, a
supplier of personnel and project management services for the offshore oil and gas industry covering projects in the North Sea, offshore NL, and the Sable offshore project. He graduated from MUN's Engineering program in 1996, and joined Schlumberger Oilfield Services as a Field Engineer in Alberta. While with Schlumberger from 1996-2003, he held roles of: Technical Manager, Offshore Gulf of Mexico (operations) and District Manager in South Louisiana (land & offshore operations).
Appendix B

Offshore Regulatory Issues

a. FORRI

- The Frontier Offshore Regulatory Renewal Initiative (FORRI) is an intergovernmental partnership that was established to work collaboratively to modernize offshore operational regulations under the Accord Acts and those frontier operational regulations under the Canada Oil and Gas Operations Act.

- FORRI agreed to modernize the regulatory framework governing Canada's frontier and offshore oil and gas sector under a goal-oriented style similar to that adopted internationally.

- In December 31, 2009, revised Drilling and Production Regulations (D&P) came into force following a review process initiated by FORRI members. The D&P update was considered the first phase of the FORRI framework initiative. The second phase consists of reviewing, modernizing and amalgamating the five regulations pertaining to installations, operations, and geophysical activities, certificate of fitness, and drilling and production, into one set of Framework Regulations.

- The new Framework Regulations will endeavor to streamline regulatory requirements, reduce duplication and transition prescriptive language to performance-based language where possible. The continued regulatory modernization efforts will help maintain the highest standards for operational safety, environmental protection and management of resources. A technical working group (TWG) has been established consisting of technical representatives from all the FORRI partners. The work of the TWG is ongoing in the development of policies to support the drafting of the Framework Regulations.

- Stakeholder consultations are ongoing to introduce draft policy intentions for the Framework Regulation and to provide an opportunity for preliminary discussions with government officials. The first consultation session was held on March 31, 2016, followed by Phase II consultations on June 28, 2016, and Phase III consultations on July 25, 2017.

- It is anticipated that a draft regulation will be ready for consultation in Spring 2018, with publication in Canada Gazette I in Winter 2018/19, and Canada Gazette II in Fall 2019.

- The Minister's focus has been on ensuring regulations are not prescriptive but more goal oriented as NOIA requested.

- The next FORRI steering committee meeting is tentatively planned for November 2017 at which time policy intent based on stakeholder feedback will be reviewed prior to drafting of regulations.

Analysis

- NOIA has strongly supported the FORRI objectives to reduce redundancy, bring standards up to date and the move to performance-based regulation. These objectives need to be met with a full understanding of the enforcement implications for the regulator and the compliance implications for investing companies. In addition, ensuring our international competitiveness while maintaining a balanced approach resulting in responsible development should be a goal.

- NOIA supports the highest level of safety and environmental performance and believe this can be achieved through implementation of performance-based regulation, however has previously expressed a concern that the regulatory policy intent developed so far does not
reflect a strong commitment in the move from prescriptive to performance-based regulations.

- The concept of moving from a highly prescription to performance-based regulatory regime has had its challenges in developing policy intent and regulations and, as such, requires an understanding of drafting conventions, regulatory administration and compliance. Being cognizant of the importance of moving to a performance-based regime, officials have held meetings and workshops with an aim to develop the suite of FORRI regulations that meets this objective to ensure our global competitiveness and balance worker safety and protection of the environment.

- Officials from NL, NS, the federal government, CNLOPB and CNSOPB met in March 2017 to discuss prescriptive versus performance regulatory language to provide direction to the working groups in developing regulations that balance these concepts. As a next step, planning is ongoing to continue this work through a second workshop between government, regulator and CAPP early in the new year.

**Potential Speaking Points:**

- The Minister may wish to:
  - Stress government’s commitment to the development of a modernized regulatory framework for the NL Offshore Area that will keep our industry internationally competitive.
  - Further reiterate that officials from NL, NS, the federal government, CNLOPB and CNSOPB met in March 2017 to discuss prescriptive versus performance regulatory language to provide direction to the working groups in developing regulations that balance these concepts to ensure our global competitiveness without compromising health and safety. A follow-up workshop is scheduled for January 2018.

**Proposed Actions:**

- DNR officials to continue to participate towards the development of new Framework Regulations and engage in stakeholder consultations on their development.

**b. Atlantic OHS Initiative**

- With the proclamation of a comprehensive occupational health and safety (OHS) regime on December 31, 2014, two regulations are planned; namely, OHS regulations and Diving regulations.

- Development of OHS regulations is ongoing through a technical working group. The FORRI partners, along with provincial and federal counterparts responsible for occupational health and safety, are developing modern offshore specific OHS regulations. The OHS legislation requires that the regulations be promulgated within 5 years (December 31, 2019).

- Given there will be considerable time necessary for the development, approval and promulgation of new OHS regulations, transitional OHS regulations (TOHSR) were put in place to address the regulatory gap.

- Since the introduction of these TOHSR, there have been a number of issues specifically around marine vessel workplaces which have created difficulty in compliance. As a result of consultations with stakeholders in July 2015, amendments have been made to TOHSR to address specific areas of concern until permanent regulations have been promulgated. The TOSHRSR amendments came into effect on June 14, 2017 and are now in effect in the C-NL offshore area.
Similar to FORRI, stakeholder consultations are ongoing to introduce draft policy intentions for the OHS Regulations. The first consultation session was held on June 13, 2016, followed by Phase II consultations on June 21, 2013. Phase III consultations are planned for December 2017.

Development of permanent Diving regulations is ongoing and NL government officials (NR and SNL) are members of a TWG that are working towards modernizing the existing Diving regulations. A one day workshop in St. John’s of experts with international experience in offshore diving and specialized medical response was held on March 7, 201, to provide technical advice and feedback the appropriateness of international standards for our offshore environment.

A diving stakeholder consultation session was held on September 15, 2017 to provide feedback on draft policy intent.

It is anticipated that a draft OHS regulation will be ready for consultation in Spring 2018, with publication in Canada Gazette I in Winter 2018/19, and Canada Gazette II in Fall 2019.

An OHS regulations steering committee meeting was held on October 23, 2017 where Phase II policy intentions were reviewed for drafting, and Phase III policy intentions were reviewed for the next stakeholder consultations.

Analysis

NOIA strongly supports the OHS initiative and, as with the Framework Initiative, believes that where reasonable, performance-based regulations need to be developed to ensure the highest levels of health and safety standards to ensure our global competitiveness.

NOIA would like to see greater focus on constructive dialog with industry throughout the regulatory development process.

NOIA would like to see future consultation sessions include a summary of the industry feedback received from previous sessions and how this feedback is being incorporated in the regulations.

Potential Speaking Points:

- The Minister may wish to:
  - Stress the importance of safety in the NL Offshore Area and the government’s commitment to developing modern OHS regulations that achieve the highest standards of health and safety while remaining globally competitive in the oil and gas industry.
  - Express pleasure with the amendments to the TOHSR to ensure regulatory clarity in authorization approvals for, in particular, geophysical programs in the offshore.
  - Indicate to NOIA that the Steering Committees of both the OHS Initiative and FORRI met with officials from NL, NS, the federal government, CNLOPB and CNSOPB in March 2017 to discuss prescriptive versus performance regulatory language and provide direction to the working groups to assist in developing regulations that balance these concepts to ensure our global competitiveness without compromising health and safety. A second workshop with officials and CAPP is planned for January 2018.

Proposed Actions:

- DNR officials to continue to participate towards the development of OHS regulations and engage in stakeholder consultations on their development.
Appendix C

Land Tenure Review

- The Federal Provincial Offshore Land Tenure Policy Working Group (FPOLTWG) has been diligently working towards finalizing its policy initiatives in order to advance same to our respective governments for consideration and approvals. Work continues to ensure our land tenure system is fair, transparent, provides appropriate time for bidder preparation and is globally competitive.

Analysis:
- The FPOLTWG has met with representatives from NOIA and CAPP on a number of occasions and received valuable input and comments during these sessions which have assisted in the development of the policy.

- In particular, FPOLTWG provided a briefing to NOIA on April 21, 2016 and received written comments on May 30, 2016. The comments concerning the indefinite SDL tenure and the need for government to consider the different logistical challenges of operating in our offshore area and tailor SDL terms to recognize this reality was important in developing our policy.

- Respecting SDL’s, until legislative and regulatory provisions are complete, the existing provisions will continue to apply. FPOLTWG also appreciated the need for clarity respecting the concept of a “Plan for Commercial Production” and to ensure land tenure policy aligns with the FORRI Framework regulatory development.

- Officials have developed a Discussion Paper to provide a historical review of land tenure focusing on current tenure policy and the rationale for proposed changes. In addition, the paper identifies proposed amendments to the Accord Acts required to implement the policy intent. The paper has been shared with CAPP and a meeting was held on October 25th with government officials and representatives from CAPP to discuss and comment thereto.

Potential Speaking Points:
  - The Minister may wish to:
    - Thank NOIA for their valuable suggestions to the FPOLTWG on the Land Tenure policy file.

Proposed Actions:
- FPOLTWG is working towards seeking the requisite government approvals on the Land Tenure policy initiative and moving towards implementation.
Appendix D

Generic Offshore Regulatory Regime (GORR)

- The collection of royalties is an important part of Government’s revenue stream and helps support many programs. A well designed royalty structure endeavors to strike a balance between encouraging exploration and development but also returning value to the jurisdiction which owns the resource.

- Through federal (Atlantic Accord) and provincial legislation - Petroleum and Natural Gas Act (PNG), the Province is responsible for the establishment of royalty regimes specific to offshore and onshore oil and gas resource development. Historically, oil royalty regimes in Newfoundland and Labrador have been negotiated for projects or implemented through the development of regulations under the PNG.

- The royalty terms for all current sanctioned offshore developments have a similar structure with varying rates and allowances across each project. Due to certain supplementary cost recovery mechanisms (uplifts and compounding return allowances), the existing royalty structure significantly exposes the Province to construction risk (delays and cost overruns) which have a negative effect on the royalties received by the Province.

Analysis:

- Commencing in 2014, Natural Resources (NR) and its consultant advisor Wood Mackenzie (WM), worked with the Department of Finance and Nalcor Energy to develop a new Generic Offshore Royalty Regime (GORR) framework.

- NR led targeted and industry-specific stakeholder consultations on the new royalty in 2015. At the time feedback, primarily from the Canadian Association of Petroleum Producers (CAPP), included concerns that GORR did not adequately recognize the time value of money in investment decision making, would significantly increase the cost of doing business in the NL offshore, and negatively impact potential new projects.

- The GORR framework was publicly released on November 2, 2015, in advance of the 2015 land sale to provide clarity to companies considering bids (Attachment 2). Although the GORR framework was released, development of regulations and final approval was still required. Ongoing work since 2015 has included subsequent analysis of the regime, including jurisdictional comparisons and further discussions with industry and other stakeholders.

- On November 9, 2016, Government released The Way Forward that committed to position Newfoundland and Labrador globally as a preferred location for oil and gas development (Action 1.26). As part of this action, Government committed to implement a generic royalty and regulations by March 31, 2017.
In March, 2017, the new GORR framework and accompanying regulations were approved by Government; and, at the time, it was anticipated that the new GORR regulations would be implemented in the fall of 2017. The new regulations, which will be known as “Offshore Oil Royalty Regulations”, will be implemented (Newfoundland and Labrador Gazette) on November 1, 2017. The new regulations will operate simultaneously with existing regulations (Royalty Regulations 2003).

The approved GORR framework did not change from the original structure released in November, 2015. However, CAPP continues to raise concerns, particularly with the elimination of compounding return allowances from the royalty provisions that provided a proxy to cover time value of money and other risk factors in evaluating investment opportunities.

Potential Speaking Points:
- The Minister may wish to:
  - Indicate that the new regulations, which will be known as “Offshore Oil Royalty Regulations”, will be implemented (Newfoundland and Labrador Gazette) on November 1, 2017.
Appendix E


- Ratified by Canada in 2003, the United Nations Convention on the Law of the Sea (UNCLOS) is an international agreement between 166 countries that establishes a framework for a range of ocean activities, including offshore petroleum resource exploitation.

- Article 82 of UNCLOS imposes the condition that countries must make annual payments or contributions in kind to the International Seabed Authority (ISA) in return for coastal states having the right to extract petroleum resources beyond 200 nautical miles (nm).

Analysis:
- In recent years, exploration companies have looked beyond the Jeanne d’ Arc basin and have acquired exploration rights in other basins, most notably the Flemish Pass and the Eastern Newfoundland region. Subsequent drilling activity beyond 200 nautical miles has resulted in significant discoveries, most notably Statoil’s discoveries at Bay du Nord and Mizzen in the Flemish Pass region. Potential development of these discoveries has resulted in renewed interest respecting the payment under Article 82.

- UNCLOS establishes that coastal states may acquire certain rights beyond their Exclusive Economic Zone (EEZ) if their continental shelf extends further than 200 nautical miles. Canada made its initial submission to Article 76 of UNCLOS to define the limits of the Atlantic continental shelf in December 2013, but more work is required before that will be considered and a decision is not expected for several years. For example, Natural Resources Canada (NRCan) is planning to contact Nalcor regarding information on sediment thickness to strengthen Canada’s submission. There is also some overlap with Greenland’s submission.

- The payments under Article 82 (preferred by ISA over contributions in kind) must be made annually starting in the 6th year of production. The payment is 1% of the value or volume of production, increasing 1% annually until the 12th year of production where it remains at 7% thereafter. Production does not include resources used in connection with exploitation.

- The C-NLOPB has included language in its call for bids outside the 200 nm EEZ that states that additional terms and conditions may be applied to a license specific to Article 82 of UNCLOS.

- Through the Atlantic Offshore Competitiveness Roundtable, an UNCLOS Working Group has been established to determine how this ‘levy’ will be calculated and applied. The first meeting was held on September 25, 2017. According to Global Affairs, Canada is expected to be the first coastal state where Article 82 will be applied and is well positioned to determine how Article 82 is implemented. Next steps include further discussion of Article 82 definitions and NR-NRCan collaboration on modeling the payment provisions of Article 82.

- A recent paper by Wood Mackenzie, entitled “The UNCLOS royalty: a debate in the deep blue sea” (September 2017) has identified the potential impact on development decisions as companies struggle to find value in these deepwater plays given the low oil price/high cost environment.
Potential Speaking Points:
- The Minister may wish to:
  - Indicate that NL will continue to work with the federal government on this important file to ensure clarity on payments under Article 82.

Proposed Actions:
- Government will continue discussions with the federal government to resolve this issue.
Appendix F

Pan-Canadian Framework on Clean Growth and Climate Change (PCF)

- The Pan-Canadian Framework on Clean Growth and Climate Change (PCF) was adopted by First Ministers on December 9, 2016 (except MB and SK). The PCF sets out principles to guide the pan-Canadian approach on reducing GHG emissions but allows the provinces/territories (PT) flexibility to introduce their own, comparable system. The PCF includes annexes identifying PT actions to reduce GHG emissions and possible areas of collaboration (supported by federal funding).

- The PCF Annex for Newfoundland and Labrador indicates that a made-in-Newfoundland and Labrador plan will address this Province’s realities. The plan will need to consider various factors including impacts on remote communities, vulnerable groups, consumers and trade-exposed industries, as well as the absence of lower carbon alternatives. The Annex highlights potential federal/provincial collaboration for renewable energy, transportation, energy efficiency, adaptation, and innovation. Any potential Newfoundland and Labrador solution will require federal approval.

- On October 3, 2016 the Federal Government introduced a “backstop” carbon pricing tax starting at $10/tonne in 2018 (about 2.3 cents/litre of gasoline) and rising by $10/tonne each year to $50/tonne (about 11.6 cents/litre of gasoline) by 2022. This would be enforced in PTs that do not have their own, comparable system in place. In the absence of suitable PT measures, the federal carbon price will be applied.

Analysis:

- The Newfoundland and Labrador system being developed is a hybrid approach that includes two components: (i) a performance-based system for large industry (onshore and offshore) and (ii) a carbon levy on other sources of fossil fuels (transportation, buildings and other fuels consumption). The provincial approach is considering implementation through:
  - The existing Management of Greenhouse Gas Act (passed in June 2016) for onshore large industry;
  - Amendments to the federal and provincial Atlantic Accord Implementation Acts for offshore large industry; and
  - Amendments to the Revenue Administration Act or regulations for transportation, buildings and other fuels consumption.

- The Climate Change Branch (CCB) advises that the provincial approach is being tailored to local circumstances. This includes the need to maintain the competitiveness of large industry, take account of the impacts on consumers and businesses, especially where there are no direct alternatives to reduce GHG emissions, and recognize provincial efforts to decarbonize the electricity sector through the investment in Muskrat Falls. A key goal is to have an approach that achieves GHG reductions at least cost.

- CCB continues to dialogue with provincial industrial stakeholders in 2017. Ass well, CCB continues to work with other provincial departments, including FIN, NR and IIGA, to further analyze the impacts on the provincial economy.
• CCB is continuing discussions with the Federal Government including guidance on the scope of the federal carbon pricing measures and the provincial framework being contemplated. CCB has indicated that it expects federal carbon pricing legislation to be introduced later this fall following further consultations with stakeholders and discussions with provincial/territorial governments. CCB advises that the Federal Government has pushed for more Atlantic regional collaboration. CCB doesn't expect one system can be employed across the Atlantic region at the start of carbon pricing (2018) as provinces are pursuing different approaches, although there could be some commonality in how similar industries are treated.

Potential Speaking Points:
• The Minister may wish to:
  o Indicate that the Government is committed to working towards a path forward for the Province.
  o Encourage continued dialogue with CCB and NR on the issue.

Proposed Action:
• NR will continue to work with CCB and industry stakeholders.
Appendix G

Oil and Gas Exploration Update

- The long term prospectivity outlook for the NL offshore has grown exponentially as a result of seismic and resource assessment activities, and as proven by the land sales in 2015 ($1.5 billion) and 2016 ($0.76 billion) with a number of new entrants. Currently, industry’s exploration work commitments total approximately $3 billion.

Analysis:
- The Labrador South Call for Bids has been delayed due to the delayed completion of the Strategic Environmental Assessment (SEA) Labrador Shelf Offshore Area Update. The NL16-CFB03 Labrador South Call for Bids that would normally have closed November 8, 2017 has been delayed to a minimum of 120 days after the completion and release of the updated SEA.

- The province through NR and Nalcor Energy, are making strategic investments to help the industry make the most of the opportunity ahead led by the newly acquired frontier geoscience data which is offering early and exciting insights into the vast, underexplored offshore region.

- By the end of 2016, the partnership of geophysical contractors TGS/PGS and Nalcor had acquired over 145,000 line km of new 2D multi-client data off Labrador and down the southeast coast over the Orphan basin, Flemish Pass, Flemish Cap, and Carson Basin. By the end of 2017, Nalcor will have participated in an additional 9,338 km² of 3D seismic data that covers the 2018 Call for Bids in the East Orphan Basin and 22,000 line km of 2D seismic data across all land tenure regions.

- Statoil drilled two wells in the Flemish Pass region in 2017 that were announced as dry holes.

Potential Speaking Points:
- The Minister may wish to:
  - Express optimism about the future of the NL oil and gas industry and stress to NOIA the importance of all stakeholders working together to develop a common vision and strategy that positions NL as a preferred location for oil and gas development.
  
  - Express offshore safety and environmental protection are taken seriously and therefore public input on SEA updates has to be reviewed before the SEA can be completed.
  
  - Confirm Statoil remains active in Newfoundland as they review the well results.

Proposed Actions:
- NR will continue to engage with NOIA to provide updates on seismic and exploration activity.
Doug / Nena,

See short slide pack for the UNCLOS WG and the call tomorrow morning. Three slides form an Annex at the back.

I will send out shortly to all the participants.

Gerard

---

From: Trask, Doug  
Sent: Thursday, October 26, 2017 2:43 PM  
To: Collins, Gerard  
Subject: RE: UNCLOS WG Meeting

No rush (am is fine), feel free to circulate in advance to others, I will be out the rest of today.

Could you follow-up with Annette – just let her know we will probably call in separately given my conflict. Thanks!

---

From: Collins, Gerard  
Sent: Thursday, October 26, 2017 2:38 PM  
To: Trask, Doug  
Subject: RE: UNCLOS WG Meeting

Just speaking with NRCAn (Warren Neil) and will get the slide pack to you within the hour.

I have nothing on the call in number from the meeting request or the last e-mail from Annette on Wed past.

---

From: Trask, Doug  
Sent: Thursday, October 26, 2017 2:22 PM  
To: Collins, Gerard  
Subject: UNCLOS WG Meeting

Looks like I should be ok to participate (but may be 15 mins late), I have not seen any info on dialing into the call – did I miss that?

Doug
Hi Anette – See attached for the call tomorrow. Will stick to the high points and run through fairly quickly.

Can you provide the call in details? Doug may be ~ 15 minutes late to the call and will call in separately.

Regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

Good morning,

I have the following items for discussion on Friday’s call. Let me know if you have any additions or comments.

1. **Modelling results (Gerard and Warren)** – anything to be shared in advance?
2. **Definitions paper** – comments from NL and GAC received. Revised paper will be circulated today.
3. **Draft regulation** – does it make sense to discuss this or defer to next meeting?
4. **Next steps** – engagement with other parties (e.g. industry, other federal and provincial departments). As an aside, I received an email from CAPP as follow up to competitiveness roundtable discussion. CAPP has expressed an interest in engaging early to review documents, engage in fiscal discussions etc. CAPP has an offshore task group that focuses on fiscal matters that they would engage.

Thanks.
Doug,

Attached is the meeting note for the Minister’s meeting with NOIA on Nov 1. This is a very lengthy note - meeting notes are typically much shorter. It was a bit of a complex note to put together as NOIA had advised only that they want to meet with the Minister and have her provide them with an update on the NL Oil and Gas Sector. We have tried to refine the agenda through conversations with NOIA, but there are many other potential items for discussion. Angie has done a great job with a challenging note; she has taken what we believe are the most pressing issues (CEAA, competitiveness, GORR and WREP procurement) and put them upfront in the note. She has then added a number of appendices that have information on other issues that NOIA typically raises, as well as additional detail on the main agenda items. Our division coordinated the note; however Fred and Jovan’s Divisions have fed into it as well as many of the topics are covered by their divisions.

Let me know if you wish to discuss.

Thanks

Nena

--------< HPE Records Manager record Information >--------

Record Number : BN-9395
Title : Meeting Note - Minister Coady and NOIA - November 1, 2017
Nena, review changes to Appendix D, E, F (F is the only one that needs a couple more bullets on the NL system and offshore specific impacts), H, etc.

To be honest I doubt you need the appendices except who they are meeting with – the Minister does not have the time to review all of this is my read. I would capture the must know background, analysis and key speaking notes upfront and avoid the repetition in the Appendices (same information and speaking notes, etc.). Gordon will also be there. All good information but this would take 2+ hours to discuss and they only have 1 hour meeting. We probably need to re-visit meeting note format, content and length.

I would revise on Monday before it goes to Diane.

From: Abundo, Nena  
Sent: Friday, October 27, 2017 2:21 PM  
To: Trask, Doug  
Cc: Philpott, Angie  
Subject: HPE Records Manager BRIEFING NOTES : BN-9395 : Meeting Note - Minister Coady and NOIA - November 1, 2017

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Thanks
Nena

--------< HPE Records Manager record Information >--------

Record Number : BN-9395
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
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Thanks.

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Thanks Doug, good and interesting progress
G

Sent from my BlackBerry 10 smartphone on the Bell network.

FYI next steps (Fred, Gerard and I are on the WG).

Enjoy your weekend!

Doug

Hi Jill and Paul,

I wanted to loop back with you following our UNCLOS working group (WG) call today. I understand from Gerard Collins that in the near future (if not already today) CAPP will be providing its data on a potential project outside 200 nautical miles. As you’d imagine, this data is important as we refine our analysis. As such, we expect that by late November, the WG will be in a position to share with CAPP the following items for comment and discussion:

1. Our economic modelling work (that includes CAPP data)
2. Short paper that defines the key terms in Article 82
3. WG’s workplan for the coming months

Once CAPP (your fiscal group) have had a chance to review, we can organize a discussion.

Happy to discuss if you have any questions. Have a nice weekend.

Annette
Hi Jill, thanks for your email and additional information.

Wrt to world asset vessels, NRCan is supportive of your budget ask and is working with Transport Canada and Finance Canada on the elimination of duties on them. Re UNCLOS, we agree that it is important to bring industry into the discussion early on. I will have more information for you at the end of next week regarding engagement with industry as we are meeting with NL to discuss path forward. I will keep you posted.

Cheers
Annette

From: Piccott, Jill [mailto:jill.piccott@capp.ca]
Sent: October 19, 2017 10:18
To: Tobin, Annette (NRCan/RNCAN) <annette.tobin@canada.ca>
Cc: Barnes, Paul <paul.barnes@capp.ca>
Subject: Competitiveness Roundtable Items

Hi Annette – Paul and I were going through the Competitiveness Roundtable action plan and some of the action items from the last meeting this morning and he asked me to touch base with you about a few things.

First of all related to Import Duties on World Asset Vessels (which falls under industry incentives on the Action Plan), our understanding is that Finance Canada is seeking NRCan’s view on this issue. We are therefore seeking NRCan’s support on this budget ask and asking that NRCan communicate this support to Finance Canada. I am attaching our last letter to Minister Morneau on this issue as well as our Federal Budget Submission. Also, we have updated our table which summarizes importations of world asset vessels and related costs in recent years (also attached). Please let me know if you need any additional information.

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Thanks and feel free to redirect this message as necessary!

Jill
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Please look before printing this email.
Yes no issues. Jill just sent you an email with some additional thoughts on this...

Paul Barnes | Director - Atlantic Canada & Arctic

CAPP
CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS
Canada’s Oil and Natural Gas Producers
D: 709.724.4202 | F: 709.724.4225 | Email: paul.barnes@capp.ca | Website: www.capp.ca

From: Collins, Gerard [mailto:gerard.collins@gov.nl.ca]
Sent: Saturday, October 28, 2017 10:38 AM
To: Tobin, Annette (NRCan/RNCAN); Piccott, Jill; Barnes, Paul
Cc: Allen, Fred A.; Trask, Doug
Subject: Re: Competitiveness Round table Items

Hi Paul,

I just wanted to follow up with Annette’s email and reference to updated data. I have mentioned that you would be providing an update to the deepwater FPSO development scenario as shared with NR back during royalty consultations.

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As well, my earlier contact with you also referred to potentially sharing the data within the working group so I hope this will not be an issue in light of further dialogue and collaboration with CAPP.

Thanks,
Gerard

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From: Tobin, Annette (NRCan/RNCAN)
Sent: Friday, October 27, 2017 5:08 PM
To: Piccott, Jill; Barnes, Paul
Cc: Gardiner, Timothy (NRCan/RNCAN); Wightman, Corey (NRCan/RNCAN); Allen, Fred A.; Trask, Doug; Collins, Gerard; Neill, Warren (NRCan/RNCAN); Kenneth.Wong@international.gc.ca
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From: Tobin, Annette (NRCan/RNCan)
Sent: October 19, 2017 18:24
To: Piccott, Jill <jill.piccott@capp.ca>
Cc: Barnes, Paul <paul.barnes@capp.ca>; Gardiner, Timothy (NRCan/RNCan) <timothy.gardiner@canada.ca>; Carras, Mark (NRCan/RNCan) <mark.carras@canada.ca>
Subject: RE: Competitiveness Roundtable Items

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Cheers
Annette

From: Piccott, Jill <jill.piccott@capp.ca>
Sent: October 19, 2017 19:38
To: Tobin, Annette (NRCan/RNCan) <annette.tobin@canada.ca>
Cc: Barnes, Paul <paul.barnes@capp.ca>
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Thanks and feel free to redirect this message as necessary!

Jill

Jill Piccott | Communications and Policy Advisor, Atlantic Canada
Canadian Association of Petroleum Producers
Suite 1004, 236 Water St.
St. John’s, NL A1C 1B6
709.724.4204
Twitter: @jill_capp
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Paul / Jill – thanks for the follow up. Will share the data with the working group.

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources  •  50 Elizabeth Avenue, 4th Floor  •  St. John’s, NL  •  Canada  •  A1A 1W5
(tel) +1 709 729 4679  •  (cell) +1 709 730 3031  •  (fax) +1 709 729 2508

From: Piccott, Jill
Sent: Monday, October 30, 2017 9:50 AM
To: Collins, Gerard; Tobin, Annette (NRCan/RNCa); Barnes, Paul
Cc: Allen, Fred A.; Trask, Doug
Subject: RE: Competitiveness Round table Items

Good morning,

If you need anything else please let me know.

Thanks,
Jill

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Please think before printing this email.

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# ATTENTION!
Contentcontrol has removed the following attachments due to policy reasons.
To release the blocked attachments please contact your administrator!

Attachments: 

--------------------
From: Collins, Gerard  
To: "Tobin, Annette (NRCan/RNCan)"  
Cc: Trask, Doug; Allen, Fred A.  
Subject: RE: Competitiveness Round table Items  
Date: Monday, October 30, 2017 10:55:58 AM

All good Annette. Will pass along the data as provided by CAPP a little later today.

Gerard

---

From: Tobin, Annette (NRCan/RNCan) [mailto:annette.tobin@canada.ca]  
Sent: Monday, October 30, 2017 10:09 AM  
To: Collins, Gerard  
Cc: Trask, Doug; Allen, Fred A.  
Subject: Re: Competitiveness Round table Items

Sorry Gerard, I missed the nuance on data that CAPP was providing for fit for purpose project. I should have characterized it a bit differently in my email to CAPP. Doesn’t appear to be a problem for WG to use it to model for UNCLOS purposes which is great.

Have a good day....  

Annette

Sent from my BlackBerry 10 smartphone on the Rogers network.

---

From: Collins, Gerard  
Sent: Saturday, October 28, 2017 9:08 AM  
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Annette

From: Tobin, Annette (NRCan/RNCan)
Sent: October 19, 2017 16:24
To: 'Piccott, Jill' <jill.piccott@capp.ca>
Cc: Barnes, Paul <paul.barnes@capp.ca>; Gardiner, Timothy (NRCan/RNCan) <timothy.gardiner@canada.ca>; Carras, Mark (NRCAN/RNCan) <mark.carras@canada.ca>
Subject: RE: Competitiveness Roundtable Items

Hi Jill, thanks for your email and additional information.

Wrt to world asset vessels, NRCan is supportive of your budget ask and is working with Transport Canada and Finance Canada on the elimination of duties on them. Re UNCLOS, we agree that it is important to bring industry into the discussion early on. I will have more information for you at the end of next week regarding engagement with industry as we are meeting with NL to discuss path forward. I will keep you posted.

Cheers
Hi Annette – Paul and I were going through the Competitiveness Roundtable action plan and some of the action items from the last meeting this morning and he asked me to touch base with you about a few things.

First of all related to Import Duties on World Asset Vessels (which falls under industry incentives on the Action Plan), our understanding is that Finance Canada is seeking NRCan’s view on this issue. We are therefore seeking NRCan’s support on this budget ask and asking that NRCan communicate this support to Finance Canada. I am attaching our last letter to Minister Morneau on this issue as well as our Federal Budget Submission. Also, we have updated our table which summarizes importations of world asset vessels and related costs in recent years (also attached). Please let me know if you need any additional information.

With regard to the Action Plan item on UNCLOS, we understand that a workshop is being organized to advance discussions on this issue. We would very much like to be engaged early in the process related to this issue to ensure our feedback is considered. We have an offshore task force that focuses on fiscal matters that we could engage for a workshop, meeting or to review any documents if that’s an option. We understand this issue will be discussed again at the next Roundtable meeting in January but we feel the fiscal group is the right group to engage in the interim to provide feedback.

Thanks and feel free to redirect this message as necessary!

Jill

Jill Piccott | Communications and Policy Advisor, Atlantic Canada
Canadian Association of Petroleum Producers
Suite 1004, 235 Water St.
St. John’s, NL A1C 1B6
709.724.4204
Twitter: @jill_capp
www.capp.ca
www.atlanticcanadaoffshore.ca

Please think before printing this email.
Hi Anette – See attached for the call tomorrow. Will stick to the high points and run through fairly quickly.

Can you provide the call in details? Doug may be ~ 15 minutes late to the call and will call in separately.

Regards,
Gerard

Good morning,

I have the following items for discussion on Friday’s call. Let me know if you have any additions or comments.
1. **Modelling results (Gerard and Warren)** – anything to be shared in advance?
2. **Definitions paper** – comments from NL and GAC received. Revised paper will be circulated today.
3. **Draft regulation** – does it make sense to discuss this or defer to next meeting?
4. **Next steps** – engagement with other parties (e.g. industry, other federal and provincial departments). As an aside, I received an email from CAPP as follow up to competitiveness roundtable discussion. CAPP has expressed an interest in engaging early to review documents, engage in fiscal discussions etc. CAPP has an offshore task group that focuses on fiscal matters that they would engage.

Thanks.
Thanks, Gerard. Give me a few days to incorporate this scenario into my model and then I will be in touch.

Cheers,

Warren Neill
Economist/Policy Analyst | Économiste/Analyste des politiques
Energy and Economic Analysis Division | Division de l’analyse de l’énergie et de l’économie
Energy Policy Branch | Direction de la politique énergétique
Energy Sector | Secteur de l’énergie
Natural Resources Canada | Ressources naturelles Canada
warren.neill@canada.ca  343-292-6419

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: October 30, 2017 10:09
To: Tobin, Annette (NRCan/RNCan) <annette.tobin@canada.ca>
Cc: Gardiner, Timothy (NRCan/RNCan) <timothy.gardiner@canada.ca>; Wightman, Corey (NRCan/RNCan) <corey.wightman@canada.ca>; Allen, Fred A. <fredallen@gov.nl.ca>; Trask, Doug <DougTrask@gov.nl.ca>; Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>; Kenneth.Wong@international.gc.ca
Subject: RE: Competitiveness Roundtable Items

Hey Warren (all),

If you have any questions just let me know. Perhaps you can touch base with me once you have had a chance to review and incorporate into your model.
Hi Jill and Paul,

I wanted to loop back with you following our UNCLOS working group (WG) call today. I understand from Gerard Collins that in the near future (if not already today) CAPP will be providing its data on a potential project outside 200 nautical miles. As you’d imagine, this data is important as we refine our analysis. As such, we expect that by late November, the WG will be in a position to share with CAPP the following items for comment and discussion:

1. Our economic modelling work (that includes CAPP data)
2. Short paper that defines the key terms in Article 82
3. WG’s workplan for the coming months

Once CAPP (your fiscal group) have had a chance to review, we can organize a discussion.

Happy to discuss if you have any questions. Have a nice weekend.

Annette

---

From: Tobin, Annette (NRCan/RNCan)  [mailto:annette.tobin@canada.ca]
Sent: Friday, October 27, 2017 5:09 PM
To: Piccott, Jill; Barnes, Paul
Cc: Gardiner, Timothy (NRCan/RNCan); Wightman, Corey (NRCan/RNCan); Allen, Fred A.; Trask, Doug; Collins, Gerard; Neill, Warren (NRCan/RNCan); Kenneth.Wong@international.gc.ca
Subject: RE: Competitiveness Roundtable Items

Hi Jill, thanks for your email and additional information.

Wrt to world asset vessels, NRCan is supportive of your budget ask and is working with Transport Canada and Finance Canada on the elimination of duties on them. Re UNCLOS, we agree that it is important to bring industry into the discussion early on. I will have more information for you at the end of next week regarding engagement with industry as we are meeting with NL to discuss path
forward. I will keep you posted.

Cheers
Annette

From: Piccott, Jill [mailto:jill.piccott@capp.ca]
Sent: October 19, 2017 10:18
To: Tobin, Annette (NRCan/RCan) <annette.tobin@canada.ca>
Cc: Barnes, Paul <paul.barnes@capp.ca>
Subject: Competitiveness Roundtable Items

Hi Annette – Paul and I were going through the Competitiveness Roundtable action plan and some of the action items from the last meeting this morning and he asked me to touch base with you about a few things.

First of all related to Import Duties on World Asset Vessels (which falls under industry incentives on the Action Plan), our understanding is that Finance Canada is seeking NRCan’s view on this issue. We are therefore seeking NRCan’s support on this budget ask and asking that NRCan communicate this support to Finance Canada. I am attaching our last letter to Minister Morneau on this issue as well as our Federal Budget Submission. Also, we have updated our table which summarizes importations of world asset vessels and related costs in recent years (also attached). Please let me know if you need any additional information.

With regard to the Action Plan item on UNCLOS, we understand that a workshop is being organized to advance discussions on this issue. We would very much like to be engaged early in the process related to this issue to ensure our feedback is considered. We have an offshore task force that focuses on fiscal matters that we could engage for a workshop, meeting or to review any documents if that’s an option. We understand this issue will be discussed again at the next Roundtable meeting in January but we feel the fiscal group is the right group to engage in the interim to provide feedback.

Thanks and feel free to redirect this message as necessary!

Jill

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Canadian Association of Petroleum Producers
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St. John’s, NL A1C 1B6
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Twitter: @jill_capp
www.capp.ca
www.atlanticcanadaoffshore.ca

Please think before printing this email.
Paul can you please review the NARL KMs and Gerard, can you have a look at NAFTA and UNCLOS?

Thanks,

Nena

---

**Nena Abundo**

**Director, Economics and Benefits (A)**

Department of Natural Resources

Government of Newfoundland and Labrador

50 Elizabeth Avenue

P.O Box 8700 St. John's, NL A1B 4J6

t 709-729-1858  c 709-725-6892

nenaabundo@gov.nl.ca

*Vacation Alert November 1-7, 2017 inclusive*

---

**From**: Quinton, Diana

**Sent**: Monday, October 30, 2017 12:10 PM

**To**: Slaney, Kristopher; Abundo, Nena

**Subject**: KMS for review

Hi:

Are there any updates on these kms?

Thanks,

Diana

Diana Quinton

Director of Communications

Natural Resources

Government of Newfoundland and Labrador

709-729-5282
Natural Resources
UNCLOS
February 27, 2017

Summary:
Under United Nations Convention on the Law of the Sea (UNCLOS), states that have
developed and are benefitting from resources located on their extended continental
shelf, beyond 200 nautical miles, share royalties with developing nations. In April 2016,
Minister Coady was asked in the House of Assembly, “When oil is pumped for these
sites, a royalty of 7 per cent will have to be paid to the United Nations. In the past, our
administration advised the federal government that we would not pay the royalties from
the provincial royalties as this is a federal government responsibility. I ask the Minister
of Natural Resources: What is the position of the current administration?”

Key Messages:
- If a project comes forward that is beyond the 200-mile limit, the Provincial
  Government will negotiate with oil companies to ensure the ball of value - royalties,
equity and benefits - are maximized on behalf of Newfoundlanders and
Labradorians.

- With regards to UNCLOS, the details of how such a regime would operate are still
  under development by Canada (as the coastal state) and other signatories of
  UNCLOS.

Excerpt from House of Assembly, April 12, 2016

MR. SPEAKER: The hon. the Member for the District of Ferryland.
MR. HUTCHINGS: Thank you, Mr. Speaker.
Mr. Speaker, last week the C-NLOPB issued calls for bids for offshore parcels. Exploration of our
offshore industry certainly has now expanded outside the 200-mile exclusive economic zone.
When oil is pumped for these sites, a royalty of 7 per cent will have to be paid to the United Nations. In
the past, our administration advised the federal government that we would not pay the royalties from
the provincial royalties as this is a federal government responsibility.
I ask the Minister of Natural Resources: What is the position of the current administration?
MR. SPEAKER: The hon. the Minister of Natural Resources.
SOME HON. MEMBERS: Hear, hear!
MS. COADY: Thank you very much for the question. I appreciate it.
As the Member opposite noted, we have gone out for bids. The C-NLOPB has gone out for bids and
we’re quite confident we’re going to have another good bid year.
As the Member opposite did suggest, some of the parcels are outside the 200-mile limit. We are working
with our federal counterparts. There is only one ball of value for the entire offshore. This particular
government is looking at what our royalties will be, what our benefits will be. They are also taking into
effect what the benefits will have to be to the United Nations as per the requirements of outside the 200-
mile limit.
SOME HON. MEMBERS: Hear, hear!
MR. SPEAKER: The hon. the Member for the District of Ferryland.
MR. HUTCHINGS: Thank you, Mr. Speaker.
Just to clarify the hon. minister, are you saying that the position taken by the former government, you’ve rescinded that decision. Now you’re negotiating in terms of that 7 cent or do you expect the Province of Newfoundland and Labrador to pay that royalty or the federal government?

SOME HON. MEMBERS: Hear, hear!

MR. SPEAKER: The hon. the Minister of Natural Resources.

MS. COADY: Perhaps the hon. Member does not understand the ball of value. There is only 100 per cent that we can look at in terms of the value on discoveries in terms of production. These are either carved into benefits or they are carved into royalties or their carved into equity investments which is the full ball of value. Now because we’re outside of the 200 mile limit, there is a requirement for unclosed United Nations.

We are looking at the entire ball of value. We’re looking at the percent that is required. Once we have a discovery moving towards production of the percentages required for this province under benefits, under royalties and under equity.

Thank you.

SOME HON. MEMBERS: Hear, hear!
Thanks Kris.

I don’t have anything new specifically to these issues (I have not dealt directly with the NAFTA issue).

Thanks,

Kris

Kristopher Slaney, CPA, CA
Director of Royalties (Acting)
Department of Natural Resources, Royalties Division
Government of Newfoundland and Labrador
Tel: (709) 729-4205

Email: kristopherslaney@gov.nl.ca

Hi:
Are there any updates on these kms?
Thanks,
Diana

Diana Quinton
Director of Communications
Natural Resources
Government of Newfoundland and Labrador
709-729-5282
Thanks Ken. See you next week!

Doug

---

From: Kenneth.Wong@international.gc.ca  
Sent: Wednesday, November 08, 2017 6:51 PM  
To: Trask, Doug  
Cc: Collins, Gerard; Allen, Fred A.; Abundo, Nena  
Subject: RE: UNCLOS WG: Next Steps

Hi Doug,

With a week until my trip, I wanted to check in with you to make sure that we get the most out of our meeting and give more detail on my objectives. From my end, I would like to put on the agenda:

[30 (1) (a)]

Look forward to seeing you next week,

Ken
Likewise here.

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John's, NL • Canada • A1A 1W5
(tel) +1 709 729 4679 • (cell) +1 709 730-3031 • (fax) +1 709 729 2508

I am also available during the times noted...

Fred Allen
Director, Regulatory Affairs
Department of Natural Resources
Government of Newfoundland and Labrador
Phone: (709)729-2778
Cell: (709)689-3547
Fax: (709)729-2508

I’m available those times as well.

Nena

Nena Abundo
Director, Economics and Benefits (A)
Department of Natural Resources
Government of Newfoundland and Labrador
50 Elizabeth Avenue
P.O. Box 8700  St. John's, NL  A1B 4J6
t 709.729.1858  c 709-725-6862
nenaabundo@gov.nl.ca
Hi Ken,

Tuesday 1:30-3:00 and the same on Thursday are my only challenges due to House of Assembly being open. Via this e-mail I will check with others.

Doug

Sent from my iPhone

On Oct 16, 2017, at 5:03 PM, "Kenneth.Wong@international.gc.ca" <Kenneth.Wong@international.gc.ca> wrote:

Hi Doug,
It looks like I have my approval to go to St. John's and management liked the idea of anchoring my trip to the Nov 15th NOIA event. I would like to come by to see you and your team to update you on a few things we are working here that are relevant to you and to talk about a few other things not unrelated to Article 82 so I would like to stay one extra day. Can you check your calendar and let me know if you would prefer that I come a day early or stay a day later?
Thanks in advance,
Ken
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Hi Annette,

As promised on item #4.

Attached are a few initial thoughts, questions and considerations. We look forward to contributing to this work going forward! Enjoy your weekend!

Doug

Doug Trask
Assistant Deputy Minister (Royalties and Benefits)
Department of Natural Resources
Government of Newfoundland and Labrador
7th Floor, Natural Resources Building
50 Elizabeth Avenue
P.O. Box 8700, St. John’s. NL A1B 4J6
T: 709-729-1644
E: dougtrask@gov.nl.ca

From: Tobin, Annette (NRCan/RNCa) [mailto:annette.tobin@canada.ca]
Sent: Wednesday, September 27, 2017 1:11 PM
To: Trask, Doug; Allen, Fred A.; Collins, Gerard; Neill, Warren (NRCan/RNCa); 'Kenneth.Wong@international.gc.ca'; Gardiner, Timothy (NRCan/RNCa)
Cc: Wightman, Corey (NRCan/RNCa)
Subject: RE: UNCLOS WG: Next Steps

Hi everyone,
Cheers
Annette

From: Tobin, Annette (NRCan/RCan)
Sent: September 25, 2017 17:38
To: 'Trask, Doug' <Doug.Trask@gov.nl.ca>; 'Allen, Fred A.' (fredallen@gov.nl.ca) <fredallen@gov.nl.ca>; 'gerardcollins@gov.nl.ca' <gerardcollins@gov.nl.ca>; Neill, Warren (NRCan/RCAN) <warren.neill@canada.ca>; Kenneth.Wong@international.gc.ca; Gardiner, Timothy (NRCan/RCan) <timothy.gardiner@canada.ca>
Cc: Wightman, Corey (NRCan/RCan) <corey.wightman@canada.ca>
Subject: UNCLOS WG: Next Steps

Thanks everyone for participating in today’s call. It was a very productive discussion.

We identified a few follow-up actions that I thought to send out to the group, in the event your memory is anything like mine.

1. Provide contact information for Gerard Collins and Warren Neil. Both Gerard and Warren are copied here. Gerard’s telephone number is 709-729-4679 and Warren’s is 343-292-6419. As agreed, they will connect to exchange additional analysis and work together to further flesh out the economic impacts of a potential cost sharing regime with deductibility.

2. [Redacted]

3. Ken will provide short written summary of the recent ISA 2017 session, with particular focus on Article 82. Ken will provide by end of week in order to share it with members of the Competitiveness Roundtable prior to Oct 5 meeting.

4. NL and GAC will review the draft definitions paper by end of week with intent to provide copy to Competitiveness Roundtable prior to Oct 5.

5. NL will review draft regulation. No deadline set.

6. We will meet again before end of October to focus on Gerard and Warren’s economic analysis.

I think that was it for now.

Annette

“This email and any attached files are intended for the sole use of the primary and
Hi Warren,

Will touch base mid-week.

In the meantime, feel free to share any of your results if you wish.

Gerard

Hi Gerard,

Cheers,

Warren

Hi Warren,
Given cost cutting measures, the BB I had has now gone back so I don’t have easy access to work related email now.

Can certainly pick this up from there in any event.

Gerard

---

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Friday, November 3, 2017 4:38 PM
To: Collins, Gerard
Subject: RE: Offshore Oil Royalty Regulations

Hi Gerard,

I’m still working on my offshore model with the CAPP data. What does your model output for total proponent revenues and total Newfoundland royalties for a $60 oil scenario with no UNCLOS payments? I’m still trying to debug the monthly royalty calculations in my model and I’d like to get an idea of where I should end up.

Thanks!

Warren

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Diana,

I do not have that info. Fred is travelling – perhaps Jovan?

Doug

---

From: Quinton, Diana  
Sent: Thursday, November 16, 2017 12:54 PM  
To: Coady, Siobhan; McIntosh, Gordon; Allen, Fred A.; Trask, Doug  
Cc: Collins, Chrysta  
Subject: C-NLOPB News Release  

FYI

From: Rideout, Lesley [mailto:LRideout@cnlopb.ca]  
Sent: Thursday, November 16, 2017 12:15 PM  
To: Annette Tobin; Quinton, Diana; Eric Burpee; Allen, Fred A.; MacArthur, Gina; Joanne Weiss-Reid; Lauren Knowles; Lorraine Presley-McKenzie (Lorraine.McKenziePresley@NRCan-RNCan.gc.ca); Power, Loyola; O'Neill, Melony; Micheline Joannis; Rideout, Lesley; Terence Hubbard  
Subject: C-NLOPB News Release

Good afternoon,

We will be issuing the following NR this afternoon.
Please let me know if you have any questions or concerns.

Thanks,
Lesley

Lesley Rideout  
Communications Officer  
t. 709 778 4224  
c. 709 725 2900

twitter @CNLOPB  
www.cnlopb.ca

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News Releases 2017
Update on Calls for Nominations for Parcels in the Eastern Newfoundland and Jeanne d’Arc Regions
For Immediate Release  
November 16, 2017
The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) Call for Nominations (Parcels) NL17-CFN02 - Eastern Newfoundland Region (Sector NL03-EN-01A and NL03-EN-01B) and Call for Nominations (Parcels) NL17-CFN03 - Jeanne d’Arc Region closed November 15, 2017. A total of 42 parcel nominations were submitted by six Nominees over the two Regions. The Eastern Newfoundland Region received 38 of the 42 nominations, the largest number of nominations ever received in a single parcel nomination round.

These nominations will assist the C-NLOPB in selecting parcels to be included in subsequent 2018 Calls for Bids. The Board’s selection of parcels will also be guided by the Eastern Newfoundland Strategic Environmental Assessment, which examined the environmental effects that may be associated with a plan, program or policy proposal related to oil and gas activities. Further information on the Eastern Newfoundland SEA can be found here. Project-specific environmental assessments that focus on site-specific issues within defined boundaries must also be completed before any proposed petroleum-related activities can be undertaken.

For any lands entirely or partially beyond Canada’s 200 nautical mile zone, additional terms and conditions may be applied (e.g. through legislation, regulations, amendments to licences or otherwise) to any resulting licence from a Call for Bids (Parcels) in order to meet obligations arising pursuant to Article 82 of the United Nations Convention on the Law of the Sea. Offshore safety and environmental protection are paramount in all Board decisions. The C-NLOPB will not approve any offshore petroleum related activity until an Operator demonstrates that it has met all legislative and regulatory requirements and has reduced risks to levels that are as low as reasonably practicable.

Further detailed information about scheduled land tenure is available here.

Any parties interested in receiving email notifications on Scheduled Land Tenure related announcements can contact Stephanie Stack at sstack@cnlopb.ca.

**Media Contact:**

Lesley Rideout
Communications Officer
(709) 778-4224
(709) 725-2900 (cell)
lrideout@cnlopb.ca

**Petroleum Industry Contact:**

Stephanie Johnson, P.Geo
Director of Exploration and Information Resources (Acting)
(709) 778-4246
(709) 689-0459 (cell)
sjohnson@cnlopb.ca

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The information, including attachments, transmitted in this communication is intended solely for the person or entity to which it is addressed and may contain confidential information and/or privileged material. Any review,
For as per threads below:

Doug — anecdotal will forward out the MT 1.00 press after lunch.

From: Collins, Gerard
Sent: Monday, November 20, 2017 12:26 PM
To: , "Re: 56853.05" (56853.05)
Subject: re: 56853.05

W2017/2017/099, 099

Respectfully,
Gerard

---

Sent: Thursday, November 16, 2017 11:49 AM
From: Collins, Gerard
Subject: RE: 56853.05

Hi Gerard,

These are the high-level views I began putting from my model for the CAPP scenario. I have not yet incorporated the carry back provisions for abandonment costs in the Nanuks Island royalties. So if everything is my model is working as expected, this should be an overestimate of the royalties.

Cheers,
Gerard

Sent: Thursday, November 16, 2017 7:08 PM
From: Collins, Gerard
to: "Re: 56853.05" (56853.05)
cc: Anneke, Doug, Andy
Subject: RE: 56853.05

Annette,

Just to follow on Women's e-mail, here are some more immediate priorities for completion this week here at all (and where I was away last week), I will see where I am by Friday on the economic modeling work for this case.

That said, I hope I'll set up the system so it's only a matter of allocating some time to Women's point, a lot of the discussion on the first attempt at calibration got into differences in the level of mathematical detail between our respective evaluation tools.

Looking forward to seeing Women's updated work. His conversion to monthly level detail is certainly a good start as the new regulations are built on monthly language.

Respectfully,
Gerard

Sent: Thursday, November 16, 2017 8:39 AM
From: Women, Nan
To: "Re: 56853.05" (56853.05)
Subject: RE: 56853.05

Hi Annette,

...)
I will share my modelling results from the CAPP scenario this afternoon. We can then see how closely the results of our two models match up. If the two models agree with each other reasonably well, then I think we can share the results from one of the models. Hopefully this will all be done by next week, but it depends on whether there are any major discrepancies between the models. Because I have had to substantially revise my model to calculate fleet size and results on a monthly basis, chances are that any major differences will be a result of tweaks that are needed in my model. But I think it is important that Gerard and I can replicate each other’s results before we share more broadly.

Cheers,

Warren

From: Tobi, Amstelveen [NBCanINCan]
Sent: November 23, 2017 16:47
To: Colman, Gerard; greendoorlab@iit.edu; Hay, Neil; Warren [NBCanINCan]; <warren.md@grandslamca>
Cc: Vinger, Corey [NBCanINCan]; <avinger@northwestcanada.ca>
Subject: UNCLSO

Hi Gerard and Warren,

You may recall that following our last WG meeting, I communicated to CAPP that the WG is aiming to share the definitions paper, workload and modelling towards end of November. Corey and I have been working together to finalize the definitions paper and the work plan. We plan to send these two items out to the WG for final review by the end of this week. The first piece is the modelling work. That’s where you guys come in; our modelling group.

Are you working together on one model that we would discuss again with the WG and eventually share with CAPP and the competitiveness roundtable? I believe you have received data on a fit for purpose project from industry who has shared our use of the data for modelling purposes. Just wondering where things are at on the modelling work and when it might be ready to share with the WG and then CAPP. Appreciate your thoughts.

If we can lock down all these documents with the WG by email prior to sending to CAPP that would work. Alternatively I can organize another WG call, say later next week, to go over the documents.

Thanks,

Annise.

*This email and any attached files are intended for the sole use of the primary (and email addressee(s)) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.*
Hi, Warren,  

I will share my modelling results from the CAPP scenario with Gerard this afternoon. We can then see how closely the results of our five models match up. If the five models agree with each other reasonably well, then I think we can trust the results from one of the models. Hopefully this will all be done by next week, but it depends on whether there are any major discrepancies between the models. Because I have had to substantially revise my model to calculate land use and emissions on a monthly basis, chances are that any major discrepancies will be a result of tweaks that are needed in my model. But I think it is important that Gerard and I can replicate each other's results before we share more broadly.

Cheers,

Warren

From: Neil, Warren [mailto:warren.Neil@canada.ca]  
To: Collier, Gerard [mailto:gerard.collier@canada.ca]  
Subject: Re: UniCoS

Hi,  

I will share my modelling results from the CAPP scenario with Gerard this afternoon. We can then see how closely the results of our five models match up. If the five models agree with each other reasonably well, then I think we can trust the results from one of the models. Hopefully this will all be done by next week, but it depends on whether there are any major discrepancies between the models. Because I have had to substantially revise my model to calculate land use and emissions on a monthly basis, chances are that any major discrepancies will be a result of tweaks that are needed in my model. But I think it is important that Gerard and I can replicate each other's results before we share more broadly.

Cheers,

Warren

From: Collier, Gerard [mailto:gerard.collier@canada.ca]  
To: Neil, Warren [mailto:warren.Neil@canada.ca]  
Cc: Jim [mailto:jim215@canada.ca]  
Subject: Re: UniCoS

Hi,  

Just to follow on Warren's email, there are some immediate priorities for completion this week at the first, and the next couple of weeks are going to be a challenge for the model. It will be in the context of these priorities that we will be able to focus on the economic impacts of the different scenarios. I think it is important that we continue to share our progress with each other, so that we can ensure that we are all on the same page.  

Best regards,

Gerard
Hi Gerard,

Thanks.

W aren

Hi Gerard,

Suggest seeing the detailed report draft I had provided to you back on the first one we discussed as it was shared to assist you with your monthly calculation. As well, I'm pretty sure I had provided a link to the new equality regulations here in the past: [link to webpage](http://www.ensiteco.com/legislations/canadaregulations/2013/canadaregulations/).

There is no amortization of costs in the new or previous equality regulations (2003) for purposes of calculating eligible capital costs. See discussion on costs in Part 9 of the regulations.

G erard

S. 29 (1) (a)

S. 39 (2)

S. 39 (2)

S. 39 (2)

From: Neil Warren [mailto:wjw119@canada.ca]
Sent: Monday, November 20, 2017 4:32 PM
To: Colleen, Gerard

Hi Gerard,

W aren

Hi Gerard,

W aren
Women

From: Colleen, Gerard  
Sent: November 16, 2017 7:08:30 PM  
To: Neil, Warren (NRC)!  
Cc: Wightman, Casey!  
Subject: RE: women

Hi Women,

I am not familiar with the system so it is only a matter of allocating some time. To Women's point, a lot of our discussion on the first attempt at calibration got into differences in the level of mathematical detail between our respective evaluation tools.

Look forward to seeing Women's updated work. His conversion to monthly level detail is certainly a good start as the new regulations are built on monthly language.

Beyond general monthly level calculations, there is specific royalty regulation incorporated or not in the model. For example, the CAPP case does have fixed abandonment related expenses (like HS adjusted over old and) and the royalty regulations have very back provisions for abandonment that can result in void of field if royalty credits... this sort of detail can close the wedge between Women and I.

Regards,
Gerard

From: Neil, Warren (NRC)!  
Sent: Thursday, November 16, 2017 10:18 AM  
To: Women, Casey (NRC)!  
CC: Wightman, Casey (NRC)!  
Subject: RE: women

Hi Women,

I will share my modelling results from the CAPP case with Gerard this afternoon. We can then see how closely the results of our two models match up. If the two models agree with each other reasonably well, then I think we can draw the results from one of the models. Hopefully this will be done by next week, but it depends on whether there are any major discrepancies between the models. Because we have had to substantially modify our model to calculate the abandonment-related expenses in an annual basis, there are some differences that we will have to be aware of when we review the models. But I think it is important that we compare each other's results before we share more broadly.

Cheers,

Women

From: Women, Casey (NRC)!  
Sent: November 15, 2017 10:07  
To: Women, Casey (NRC)!  
CC: Wightman, Casey (NRC)!  
Subject: RE: women

Hi General and Women,

You may recall that following our last WO meeting. I communicated to CAPP that the WO is going to share the draft version of paper, workplan and modelling towards end of November. Casey and I have been working together to finalize the draft version of paper and the workplan. We plan to send these documents to the CAPP for their review by the end of this week. The third piece is the modelling work. That's where you guys come in. So we need to discuss how we will manage the modelling work.

Are you working together on one model or would you all work on the same model with the WO and eventually share with CAPP and the consortium? Once you have received these files, please let me know if you have any questions or if you need further information from me. Are you planning to use the WO's data for modelling purposes? Just wondering where things are at in the modelling work and what we might be able to share with the CAPP.

I will send over the final documents with the WO's email to CAPP that we would all work. Alternately, I can arrange another WO call, say next week, to go over the documents.

Thanks,

Women
Doug,

I am currently working on the NAFTA R&D piece as discussed. When you get a chance, see e-mail below from NRCan and the next steps for feed into the working group.

Thanks,
Gerard

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Thursday, November 23, 2017 11:55 AM
To: Collins, Gerard
Subject: RE: UNCLOS
Once we decide which scenarios we will run, do you want to present the results to the working group again or would you prefer that I do it?

Cheers,

Warren

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From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: November 22, 2017 15:13
To: Neill, Warren (NRCan/RNCan) <warren.neill@canada.ca>
Subject: RE: UNCLOS

Numerator only.

---

From: Neill, Warren (NRCan/RNCan) [mailto:warren.neill@canada.ca]
Sent: Wednesday, November 22, 2017 1:59 PM
To: Collins, Gerard
Subject: RE: UNCLOS

Hi Gerard,

Thanks.

Warren
Doug – just an FYI from NRCan. Will vet Warren’s results on the CAPP FPSO case against ours internally when I get a chance.

Gerard

Hi Gerard,

Do you want to touch base today? I have attached my modelling results for reference.

Warren
If I could get your revisions to the 2-pager, I may get to discuss with Gordon this pm.
Warren,

I have copied in my results and we are really close. The IRR’s don’t quite come out the same but our differences between cases are similar.

Gerard

---

Hi Gerard,

I will be available in the morning.

I’m going to try to make it in at least for the morning.

Cheers,

Warren

---

Hi Warren,

It has been one of those days where I have been in multiple meetings all day long. I will print off your results. Are you open for a quick call tomorrow as it is end of day here?

Just let me know.

Thanks,

Gerard

---

From: Warren Neill (NRCan/RNCAN) [mailto:warren.neill@canada.ca]
Hi Gerard,

Do you want to touch base today? I have attached my modelling results for reference.

Warren

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.”
Let’s get together to discuss asap, so I can get this in front of Gordon to proceed with a CAPP discussion next week.

Doug
International Competitiveness – Next Steps

Department of Natural Resources
November 29, 2017
Outline

- Phased Approach
- Detailed Modelling and Analysis
- Cost and Timing, Other Considerations
- Next Steps
Phased Approach

- Phased Approach:
  - WM International Competitiveness Review (Phase 1)
    - Proposal received September 18, 2017
    - Contracted October 5, 2017
    - Initial draft received November 9, 2017 had deficiencies
    - Draft for CAPP review anticipated week of December 4, 2017
Study Cost and Timing

• Study Cost
  • $f$(scope of work): # cases, # jurisdictions and # issues identified
  • Who pays?

• Timing
  • Jan-Mar 2018
Next Steps

- Finalize Phase 1 report
  - Approval to distribute draft for comments
  - Video-conference presentation of draft results
  - WM finalize report by December 31, 2017

- Finalize Phase 2 scope of work
  - NR-CAPP collaboration
  - Approval to proceed in early January 2018
    - Request WM proposal for review
    - Decision of funding, project management, etc.
    - Contracting
Well done – short and concise! A few track changes to consider.

Could we add a bullet in the analysis that states something like (will leave it to you to refine):

Doug

From: Collins, Gerard
Sent: Thursday, December 14, 2017 12:22 PM
To: Trask, Doug
Cc: Abundo, Nena
Subject: UNCLOS Article 82 Note

Doug — see attached draft information note on UNCLOS Article 82 for your review. It’s just over 2 pages as the attachments make up the rest.

Let me know if you wish to discuss further. I can put in Trim now if you wish.

Feel free to edit content / flow as you see fit.

Regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508
From: Trask, Doug
Sent: Wednesday, December 20, 2017 12:51 PM
To: Quinton, Diana
Subject: RE: REVISED: Consultation Plan for Review and Approval

Hi Diana,

Could you send me the final? Thanks!

Katie asked about a video – let’s chat later.

 Doug

From: Quinton, Diana
Sent: Tuesday, December 19, 2017 2:49 PM
To: Trask, Doug; Noseworthy, Tanya; McIntosh, Gordon; Coady, Siobhan; Philpott, Angie
Cc: Hollett, Nancy
Subject: REVISED: Consultation Plan for Review and Approval

Here is the revised document I am providing to Communications Branch. Additions are highlighted in yellow.

From: Quinton, Diana
Sent: Tuesday, December 19, 2017 11:06 AM
To: Trask, Doug; Noseworthy, Tanya; McIntosh, Gordon; Coady, Siobhan; Philpott, Angie
Cc: Hollett, Nancy
Subject: Fw: Consultation Plan for Review and Approval

Please see comments on the consultation plan. I’ll work through these this afternoon.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Barfoot, Scott <ScottBarfoot@gov.nl.ca>
Sent: Tuesday, December 19, 2017 10:46 AM
To: Quinton, Diana; Foote, Carla; Joyce, Luke
Cc: Hollett, Nancy
Subject: RE: Consultation Plan for Review and Approval

Hello,

Please find attached our feedback on the consultation plan. Comments are included but the public environment and strategic considerations needed to be revised to include:

1) Do any sensitivities exist?
2) Has the industry been vocal on any issues related to their development over the last number of months?
3) Issues surrounding possible changes to the federal environmental process
4) How are stakeholders going to respond to the consultations?
5) Can we anticipate any issues being raised?
6) Is there any public communication planned?
7) How will the 25 stakeholders be selected?

Thanks,
Scott

---

From: Quinton, Diana  
Sent: Monday, December 18, 2017 5:29 PM  
To: Foote, Carla; Joyce, Luke; Barfoot, Scott  
Cc: Hollett, Nancy  
Subject: Consultation Plan for Review and Approval

Please see the attached consultation plan for review and approval. We plan to send invitations to stakeholders early this week.

Diana Quinton  
Director of Communications  
Natural Resources  
Government of Newfoundland and Labrador  
709-729-5282
Department of Natural Resources
Engagement and Consultation Plan
Oil and Gas Stakeholder Sessions

Issue

- The Department of Natural Resources is planning to hold focus groups with stakeholders in advance of releasing a long-term direction for the oil and gas industry in Newfoundland and Labrador.

Objectives

- The department will be requesting feedback from stakeholders on the actions proposed for the oil and gas industry.
- Feedback will be used in the finalization of the growth plan that will be presented to the public on Tuesday, January 30 during a summit of the oil and gas industry.
- *The Way Forward* gave specific direction to position the province globally as a preferred location for oil and gas development (Action 1.26).
- The Minister of Natural Resources, as chair, has been working with the oil and gas industry development council to develop the vision statement and action plan.

Target Audiences

*External*

- Labour associations including Building Trades Council and the Construction Labour Relations Association of Newfoundland and Labrador
- Industry associations including NEIA, Noia, CAPP, Board of Trade and NLOWE
- Innovation-focused associations including NATI, NEIA
- Educational organizations including Memorial University, C-Core, College of the North Atlantic
- Supply and service sector
- Federal government including NRCAN and ACOA
- CNLOPB

*Internal*

- Other relevant provincial government departments such as Municipal Affairs and Environment, Advanced Education, Skills and Labour, Intergovernmental Affairs, and Tourism, Culture, Industry and Innovation
- Nalcor Oil and Gas

Public Environment Scan

- *The Way Forward* document was presented to the public on November 9, 2016 and gave specific direction to position the province globally as a preferred location for oil and gas development (Action 1.26).
• Appointments to oil and gas industry development council were announced by government on December 21, 2016.
• At the time, the Minister of Natural Resources said government was committed to working with the council to determine the long-term vision of the province’s oil and gas industry.
• The council, with the Minister as chair, has been meeting regularly and has developed a vision statement and draft action plan.
• The Minister has spoken about the work of the council in broad terms at selected speaking engagements, most recently at the NL Building and Construction Trades Council AGM held on November 14. She said, “Partnership and collaboration have been key to our success and we look forward to continued work with our current partners and the cultivation of new relationships. To reinforce our commitment industry development, earlier this year we announced the Oil and Gas Industry Development Council, tasked to develop a vision and strategic plan to further facilitate our success.”
• The specific work of the council has not been discussed publicly to date.
• It is expected that the majority of stakeholders will be engaged and interested in contributing to the long-term growth of the oil and gas industry.
• Much work is being undertaken to ensure the plan for growth is balanced and accurately reflects the viewpoints of the oil and gas industry development council, as well as the opportunities and challenges in the industry.
• A current challenge that has gotten media coverage over the past several months is advocating for changes to the federal environmental assessment process to ensure the C-NLOPB is recognized as RA consistent with the intent of the Accord Acts and the amendments in 2016. The Premier, Minister of Natural Resources, Minister of Municipal Affairs and Environment, CAPP and Noha have advocated against proposed changes to the environmental process. The federal government is likely to introduce environmental assessment legislation in mid-to-late January.
• Other issues related to the oil and gas industry that have been in the public recently have included:
  o ExxonMobil has recently announced first oil at the Hebron platform. The attention around first oil has generated questions regarding equity vs. royalties and what the government has planned for future offshore developments.
  o On May 2, 2017, an Order in Council authorized generic offshore oil royalty regulations. These regulations were published in the Gazette on November 1, 2017. On Nov. 10, the Telegram published an article, Liberals quietly approve new offshore royalty framework for N.L., criticizing government for “quietly enact(ing) a new generic oil royalty regime...without any explanation of what they were doing.”
  o The Minister of Natural Resources has been asked in the House of Assembly about the position of government regarding UNCLOS. States that are party to the United Nations Convention on the Law of the Sea (UNCLOS), which have developed and are benefitting from resources located on their extended continental shelf beyond 200 nautical miles, will be required to make payments or contributions to the United Nations. These payments or contributions will then be redistributed to other state parties of UNCLOS.
  o The decision on the Innovation Superclusters Initiative will likely be decided by late-January. This initiative will invest up to $950 million to support business-led innovation superclusters with the greatest potential to energize the economy and become engines of growth. This may result in investment in our local oil and gas industry.
Strategic Considerations

- The focus groups will allow stakeholders in the oil and gas industry to contribute to the actions being discussed by government and the oil and gas industry development council.
- It is expected that stakeholders will be interested in attending and will contribute meaningfully given their experience in the provincial oil and gas industry.
- While frank discussions are expected during the sessions, it is not expected that stakeholders will react negatively to the consultation process or to the vision and action plan in the public arena. However, the reaction of stakeholders will be gauged throughout the consultation process and the department will be ready to respond if necessary.
- The focus groups are not open to media. However, if the department gets media inquiries regarding the consultations, it will be explained that government, working with the oil and gas industry development council and with participation from stakeholders, will present a growth plan for the oil and gas industry early in the new year. Media will be invited to attend this subsequent event.
- The Department of Natural Resources intends to incorporate stakeholder feedback in the final document being prepared for a launch on January 30. The plan for growth outlines a long-term approach for the Newfoundland and Labrador oil industry to 2030.
- Focus group participants will be invited to attend the launch.
- Prior to the launch, the plan for growth will need to be approved by Cabinet.
- Marketing and Brand Management will be involved with the creation of the final document.
- The communications plan for the launch will be outlined separately.

Key Messages

Primary

- We are pleased that stakeholders in the oil and gas industry are meeting to discuss the long-term growth plan for the Newfoundland and Labrador oil and gas industry.
- I thank the oil and gas industry development council for their dedication, involvement and advice in this discussion. They have contributed immensely to the plan. Their work is integral to creating conditions for increased offshore exploration and development, ensuring certainty and maintaining an attractive and stable business environment for operators and investors.
- Our collective goal is to position the province globally as a preferred location for oil and gas development, as presented in The Way Forward.
- Collaboration has been key to our success and we look forward to continuing our work with our partners.
- Government, working with the oil and gas industry development council and with participation from stakeholders, will launch the plan for growth of the oil and gas industry early in the new year.

Secondary

- Newfoundland and Labrador ranks as the most attractive Canadian jurisdiction for oil and gas investment and fourth globally out of 97 jurisdictions in the annual global survey of petroleum-sector executives released by the Fraser Institute.
• Offshore Newfoundland and Labrador is considered one of the best frontier regions in the world today with over 20 basins mapped, and now over 650 leads and prospects defined as a result of ongoing seismic work.

• There have been seven new entrants offshore since the Call for Bids in November 2015. Currently there are over $2.5 billion in work commitments in exploration.

• With Hebron producing first oil in November 2017, there are now four producing projects offshore Newfoundland and Labrador.

• Continued investment in oil and natural gas exploration and development is critical to the provincial economy.

Approach

• Five focus groups will be held in the Natural Resources Building on January 8 to 10, 2018. Four focus groups will include a cross section of different stakeholder organizations including labour, education, industry, innovation and the supply and service sector. A separate focus group will be held for relevant government departments such as such as Municipal Affairs and Environment, Advanced Education, Skills and Labour, Intergovernmental Affairs, and Tourism, Culture, Industry and Innovation.

• Up to 25 people will be invited to each of the four stakeholder sessions for a total of approximately 100 people attending the sessions over a two-day period. Participants will be selected by the Department of Natural Resources based on their current involvement in the offshore industry. If additional stakeholders wish to be included in the sessions, efforts will be made to accommodate.

• The focus groups will be two hours in duration. The Department of Natural Resources will present the proposed actions from the plan. Following that, the group will be sub-divided into two groups of approximately 12 and a facilitated discussion will be held.

• Feedback will be used in the finalization of the plan that will be presented to the public on Tuesday, January 30 during a summit of the oil and gas industry.

• This approach has been discussed with The Way Forward team and with Public Engagement Branch.

Role of the Public Engagement Division: Communications and Public Engagement Branch

• The Way Forward team and Public Engagement Branch presented the Department of Natural Resources with engagement options after a meeting was held on December 8. The Minister of Natural Resources spoke with Katie Norman, The Way Forward team, on Monday, December 18 to advise on the option chosen, as outlined in the consultation plan. The Department is proposing that facilitation of the focus groups be undertaken by the Public Engagement Branch.

Materials

• The Department of Natural Resources plans to give a PowerPoint presentation at each focus group session. The presentation and questions to guide the discussions are currently under development.
Schedule

- The focus groups will be held at the Department of Natural Resources (Lower Level facilitation rooms).

- Times for the focus groups are as follows:

  **Focus Group One:**
  Monday, January 8 10:00 am to 12:00 pm

  **Focus Group Two:**
  Monday, January 8 2:00 pm to 4:00 pm

  **Focus Group Three:**
  Tuesday, January 9 10:00 am to 12:00 pm

  **Focus Group Four:**
  Tuesday, January 9 2:00 pm to 4:00 pm

  **Focus Group Five:**
  Wednesday, January 10 10:00 am to 12:00 pm

Communication

- Personal invitations via email will be sent to selected stakeholders during the week of December 18.
- Suggested wording for the invitation is as follows: “On behalf of the Minister of Natural Resources, you are invited to a discussion about the future of the province’s oil and gas industry.”
- Please note that the focus group sessions will be for targeted stakeholder groups and will not be open to media.
- On Tuesday, January 30, a summit will be held of oil and gas stakeholders to launch the growth plan which will include actions reviewed in the focus group sessions. A communications plan will be developed in the coming days for this summit and will provide more details on the location and the communications approach to be taken.

Facilitation

- The department is proposing that facilitation of the focus groups be undertaken by the Public Engagement Branch.

Minister/MHA involvement

- The Minister of Natural Resources, as chair of the oil and gas industry development council, is fully engaged in the development of this process and may attend selected focus groups if time allows.
Recording and Issues Tracking

- Officials with the Department of Natural Resources will take notes at focus groups. Suggestions may be incorporated in the final document which will be shared publically on Tuesday, January 30 at the oil and gas summit.

Reflection of Stakeholder Input

- A final document will be published, presented publically and posted online on Tuesday, January 30.

Media Policy

- The stakeholder sessions are not open to media. If asked, the Minister of Natural Resources will explain that government, working with the oil and gas development council and with participation from stakeholders, will present a growth plan for the oil and gas industry early in the New Year. Media will be invited to attend this event.

Post-Consultation Communications Activities

- An email will be sent to stakeholders thanking them for their participation.
- A communications plan will be prepared prior to the launch of the growth plan.

Drafted by: Diana Quinton, Director of Communications
Approved by: Gordon McIntosh, Deputy Minister and Siobhan Coady, Minister of Natural Resources
Date: Tuesday, December 19, 2017
Hi David,

See attached comments from NR and CAPP. There will most likely be further comments provided on the draft report.

I will send out a meeting request for Friday January 5 to at least put something in the calendar and we can work from there.

Best regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John's, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508

That is fine, but [redacted] - but a call later in that week works.

David

Sent from my iPhone

On 22 Dec 2017, at 15:46, Collins, Gerard <gerardcollins@gov.nl.ca> wrote:

David,

Regarding the report, I will be sending along comments as per the Dec 6 draft a little
later this afternoon. We hope to schedule a conference call, including CAPP, to discuss the comments for the week of Jan 2/18.

Does that work for you?

Thanks,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508

From: Trask, Doug
Sent: Friday, December 22, 2017 11:07 AM
To: Kellas, Graham; Barrowman, David
Cc: Collins, Gerard; Parsons, Paul O; Abundo, Nena
Subject: Mark your calendars - Jan 30 2018

David and Graham,

Hope all is well!

Related to the competitiveness work we are doing (phase 2 discussion to start with CAPP in the New Year), we have had an Oil & Gas Industry Development Council working on a vision, targets, principles, focus areas and actions to achieve that which is part of The Way Forward initiative of the provincial government. We are planning an O&G summit for the morning of January 30 in St. John’s.

Just as an early heads-up (costs would be covered via the current travel budget), could you pencil in Jan 29th and 30th in St. John’s to present the findings of the report. We would probably have a presentation to CAPP and a 2nd presentation to the Council on the 29th if we can schedule both.

The attached is important – that presentation could be more of a global fiscal competitiveness presentation to provide context and identify NL’s position (upper right quadrant in terms of prospectivity and fiscal competitiveness, etc.), not a summary of the findings of the report. I would like Graham to present on that topic as per the attached. Does that work?

Doug

“This email and any attached files are intended for the sole use of the primary and
David – fyi, see attached with our comments embedded in the document. This has already been shared with Wood Mackenzie.

I think I will assemble all the our comments into a list and possibly by key report heading.

Thanks for your input today!

Regards,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508
FYI attached.

-----Original Message-----
From: Gardiner, Timothy (NRCAN/RNCan) [mailto:timothy.gardiner@canada.ca]
Sent: Wednesday, December 20, 2017 10:55 AM
To: paul.barnes@capp.ca; Trask, Doug; Allen, Fred A.; sandy.macmullin@novascotia.ca;
Kim.Himmelman@novascotia.ca; Chris.C.Spencer@novascotia.ca
Cc: Andrews2, Graeme (NRCAN/RNCan); Ferguson, Anthony (NRCAN/RNCan)
Subject: Offshore Competitiveness Roundtable - Agenda Confirmation

Good day everyone,

Further to DM Tremblay's save the date email from November 30th, this is a friendly reminder that the Offshore Competitiveness Roundtable meeting is coming up on February 6th.

Rather than review every Action Item in detail as we did at the last meeting, I propose focusing our main discussion on a few key Action Items. Please let me know if you agree with this approach, and if there are Action Items that you would like to discuss in addition to the following:

* Action Plan Progress-To-Date
* New Federal EA Processes
* NL Offshore Competitiveness Study

Similar to the previous meeting, it would be a good idea to review the agenda items a week or so in advance. I propose we have a conference call on Thursday, January 18th at 11:00am EST. Please confirm your availability at this time.

Keeping in mind that the holiday season is quickly approaching, we would like to ensure that the agenda is finalized in advance of the meeting. Members of my team, Graeme Andrews and Tony Ferguson (cc'd) will be following up shortly to get updates on the above items. If anyone has any other items they would like to add, please let Tony or Graeme know.

Thank you,

Tim Gardiner
343-292-8805
Hello everyone,

In advance of Thursday’s call, please find attached the following supporting documentation:

- The agenda for the February 6th meeting
- An updated version of the work plan

In order to stay within the hour allotted, an agenda has been developed for Thursday’s call. See below:

**Competitiveness Roundtable Pre-Agenda Call - January 18**

1. February 6 Agenda Review

2. February 6 Agenda Items/Documents
   a. Action Plan Update
      - Lead: NRCAn
      - Documents: Presentation
   b. Federal EA Legislation
      - Lead: CEA Agency followed by discussion
      - Documents: Presentation
   c. Indigenous Rights and Recognition Framework
      - Lead: John Kozij, Director General
      - Documents: Presentation/discussion of offshore perspective
   d. NL Study
      - Lead: NL
      - Documents: NL to update
   e. Next Roundtable Meeting: June
      - Margins of NOIA, 2018?

3. Logistics
   a. Attendance
   b. Video conference/Teleconference

4. Next Steps
   a. ADM Prep Call?
   b. Comments on Action Plan Update deck by Jan 25
As a reminder, the **conference line details** are as follows:

34 (1)(a)(i)

If you have any questions, please do not hesitate to let me know.

Thank you and we look forward to speaking with you on Thursday.

**Tony Ferguson**
Policy Analyst, Energy Sector
Natural Resources Canada
E: anthony.ferguson@canada.ca
T: +1-343-292-7428

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Can you print double-sided.

Fred Allen
Director, Regulatory Affairs
Department of Natural Resources
Government of Newfoundland and Labrador
Phone: (709)729-2778
Cell: (709)689-3547
Fax: (709)729-2508

From: Collins, Gerard
Sent: Monday, January 22, 2018 8:33 AM
To: Corkey, David; Petrovic, Jovan; Parsons, Paul O; Philpott, Angie; Allen, Fred A.
Cc: Abundo, Nena; Trask, Doug
Subject: FW: Wood Mackenzie Final Report

Folks,

FYI - See email below and the final report attached from Wood Mackenzie.

Gerard

From: Parkinson, David [mailto:david.parkinson@woodmac.com]
Sent: Saturday, January 20, 2018 9:47 AM
To: Collins, Gerard; Abundo, Nena; Trask, Doug
Cc: Barrowman, David; Kellas, Graham
Subject: Wood Mackenzie Final Report

Gerard,

Attached is the Final report for the competitiveness study. In the report we have addressed the comments provided and where necessary have left track changes on in the work document to show where more material changes have occurred. Minor changes to wording etc have not been highlighted. There are a couple of areas where it was not possible to highlight the changes vs track changes as follows:

- YTF volumes in the prospectivity index – these have been removed to avoid any double counting of this area with the separate YTF volumes section of the report. Changes have been made to the relative weighting of the remaining categories in the prospectivity index hence a revised score for NL. These changes reflect our understanding of the relative importance companies would place on each of these factors when assessing the region from an exploration perspective;
- Charts – to allow us to update the contents table any charts that have been amended, the following charts have changed:
  o Page 9 - Prospectivity Index (5=most attractive) – removed YTF volumes
  o Page 10 – updated the YTF figure for NL
  o Page 11 – YTF figure updated
  o Page 31 – Comparison of Newfoundland and Labrador costs with peer jurisdiction - the peer average line has been corrected to match the text
- Average (mean) discovery size – I have amended the volume to 226 mmboe which is the figure since exploration began, there is an argument that we should stick with last 10 years but I am relatively flexible on this figure for NL
- Page 29 – I have changed the project names to use the terminology used in NL, this is now cascading through our research products as well
- Supply chain page 31 – this section has been revised
- Page 64 the diagram has been amended to include jurisdictions names alongside flags
- Page 66 – the matrix has been amended

A couple of comments on some of the changes:

- YTF volumes – the YTF volumes have been revised to reflect out latest view and increase 6 bnboe
- Project timelines – a section has been added on page 60
- Exhibit B UNCLOS Royalty has been amended

I hope the changes are in line with you thinking and look forward to discussing in St Johns if not before.

Regards

David

---

From: Collins, Gerard [mailto:gerard.collins@gov.nl.ca]
Sent: 18 January 2018 18:46
To: Barrowman, David
Cc: Parkinson, David
Subject: RE: Final Report

Thanks for the update.

---

From: Barrowman, David [mailto:david.barrowman@woodmac.com]
Sent: Thursday, January 18, 2018 3:15 PM
To: Collins, Gerard
Cc: Parkinson, David
Subject: RE: Final Report

Gerard,

We are finalising it and planning on having it ready tomorrow.
Regard,

David

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: 18 January 2018 18:45
To: Barrowman, David
Subject: Final Report

Hi David,

Just getting a chance to touch base with you today. Has the Competitiveness report been finalized and if so, provided to NR tomorrow as indicated as back on our conference call with CAPP?

Thanks,

Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John's, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508

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Hi all,

Just following up with the e-mail from Monday. In moving forward with WM to finalize the report, I have some further comments on their final draft as per the attached list. I have mostly small nits at this point.

Given the broad nature of subject matter covered, if you have any comments or further comments to the ones already provided on earlier drafts, it would be great if you could provide by end of the week.

Thanks,
Gerard

FYI - See email below and the final report attached from Wood Mackenzie.

Gerard

---

Attached is the Final report for the competitiveness study. In the report we have addressed the comments provided and where necessary have left track changes on in the work document to show where more material changes have occurred. Minor changes to wording etc have not been highlighted. There are a couple of areas where it was not possible to highlight the changes vs track changes as follows:

- YTF volumes in the prospectivity index – these have been removed to avoid any double counting of this area with the separate YTF volumes section of the report. Changes have been made to the relative weighting of the remaining categories in the prospectivity index
hence a revised score for NL. These changes reflect our understanding of the relative importance companies would place on each of these factors when assessing the region from an exploration perspective;

- Charts – to allow us to update the contents table any charts that have been amended, the following charts have changed:
  o Page 9 - Prospectivity Index (5=most attractive) – removed YTF volumes
  o Page 10 – updated the YTF figure for NL
  o Page 11 – YTF figure updated
  o Page 31 – Comparison of Newfoundland and Labrador costs with peer jurisdiction - the peer average line has been corrected to match the text
- Average (mean) discovery size – I have amended the volume to 226 mmboe which is the figure since exploration began, there is an argument that we should stick with last 10 years but I am relatively flexible on this figure for NL
- Page 29 – I have changed the project names to use the terminology used in NL, this is now cascading through our research products as well
- Supply chain page 31 – this section has been revised
- Page 64 the diagram has been amended to include jurisdictions names alongside flags
- Page 66 – the matrix has been amended

A couple of comments on some of the changes:

- YTF volumes – the YTF volumes have been revised to reflect out latest view and increase 6 bnboe
- Project timelines – a section has been added on page 60
- Exhibit B UNCLLOS Royalty has been amended

I hope the changes are in line with you thinking and look forward to discussing in St Johns if not before.

Regards

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Sent: 18 January 2018 18:46
To: Barrowman, David
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Cc: Parkinson, David
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Sent: 18 January 2018 18:45
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Subject: Final Report

Hi David,

Just getting a chance to touch base with you today. Has the Competitiveness report been finalized and if so, provided to NR tomorrow as indicated as back on our conference call with CAPP?

Thanks,
Gerard
You may find a nugget or two in here re. Nalcor, if relevant.
Reading the submission now

From: Collins, Gerard
Sent: Monday, January 22, 2018 8:33 AM
To: Corkey, David; Petrovic, Jovan; Parsons, Paul O; Philpott, Angie; Allen, Fred A.
Cc: Abundo, Nena; Trask, Doug
Subject: FW: Wood Mackenzie Final Report

Folks,

FYI - See email below and the final report attached from Wood Mackenzie.

Gerard

From: Parkinson, David [mailto:david.parkinson@woodmac.com]
Sent: Saturday, January 20, 2018 9:47 AM
To: Collins, Gerard; Abundo, Nena; Trask, Doug
Cc: Barrowman, David; Kellas, Graham
Subject: Wood Mackenzie Final Report

Gerard,

Attached is the Final report for the competitiveness study. In the report we have addressed the comments provided and where necessary have left track changes on in the work document to show where more material changes have occurred. Minor changes to wording etc have not been highlighted. There are a couple of areas where it was not possible to highlight the changes vs track changes as follows:

- YTF volumes in the prospectivity index – these have been removed to avoid any double counting of this area with the separate YTF volumes section of the report. Changes have been made to the relative weighting of the remaining categories in the prospectivity index hence a revised score for NL. These changes reflect our understanding of the relative importance companies would place on each of these factors when assessing the region from an exploration perspective;
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- YTF volumes – the YTF volumes have been revised to reflect our latest view and increase 6 bnboe
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I hope the changes are in line with you thinking and look forward to discussing in St Johns if not before.

Regards

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Regards,

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Just getting a chance to touch base with you today. Has the Competitiveness report been finalized and if so, provided to NR tomorrow as indicated as back on our conference call with CAPP?

Thanks,
Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
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Gerard,

I have attached the presentation as it stands. It was our intention to review and amend with you this morning to make sure the salient points are covered and represented correctly. I have assumed that the majority of folk in the room will have been through the report.

Regards

David

---

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: 29 January 2018 08:45
To: Trask, Doug; Parkinson, David
Cc: Kellas, Graham; Abundo, Nena
Subject: Presentation for meeting at 2pm today

David / Graham,

Can you guys provide a copy of the presentation you plan to deliver for 2 pm?

Thanks,
Gerard

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Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508

---

From: Trask, Doug
Sent: Monday, January 29, 2018 7:47 AM
To: Parkinson, David
Cc: Kellas, Graham; Collins, Gerard
Subject: Re: Oil and Gas Symposium - Invitation and Event Scenario

Correct - see you then.

Sent from my iPhone

On Jan 29, 2018, at 7:17 AM, Parkinson, David <david.parkinson@woodmac.com> wrote:
Hi Doug,

Apologies for not getting back to you on this sooner. 10:30 and then 14:00 work well for us, I have assumed it will be at the DNR offices is this correct?

Regards

David

From: Trask, Doug [mailto:DougTrask@gov.nl.ca]  
Sent: 29 January 2018 07:14  
To: Kellas, Graham; Parkinson, David  
Cc: Collins, Gerard  
Subject: Re: Oil and Gas Symposium - Invitation and Event Scenario

Please confirm today's schedule.

Doug

Sent from my iPhone

On Jan 26, 2018, at 1:31 PM, Trask, Doug <DougTrask@gov.nl.ca> wrote:

Graham/David,

We have a postponement re. event on Tuesday – scheduling conflict.

Ok to continue as planned? Gerard will plan an internal meeting for say 10:30 Monday am. We would then continue with the meeting/study presentation with CAPP and others from 2-4 pm. Gordon has suggested we go out to dinner Monday evening.

Tuesday am at 10:30 we could meet on the next steps. Please advise if this works for WM.

Doug

From: Kellas, Graham [mailto:graham.kellas@woodmac.com]  
Sent: Friday, January 26, 2018 8:38 AM  
To: Trask, Doug  
Subject: Automatic reply: Oil and Gas Symposium - Invitation and Event Scenario

I am out of the office until Thursday 1 February 2018 and will only be picking up email occasionally until then.
For Fiscal Service enquiries please contact Meng Xu:
meng.xu@woodmac.com

For all other fiscal enquiries please contact Ross Millan:
ross.millan@woodmac.com

Thank you.

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Sent: 29 January 2018 08:45
To: Trask, Doug; Parkinson, David
Cc: Kellas, Graham; Abundo, Nena
Subject: Presentation for meeting at 2pm today

David / Graham,

Can you guys provide a copy of the presentation you plan to deliver for 2 pm?

Thanks,
Gerard

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679 • (fax) +1 709 729 2508

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From: Trask, Doug
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To: Parkinson, David
Cc: Kellas, Graham; Collins, Gerard
Subject: Re: Oil and Gas Symposium - Invitation and Event Scenario

Correct - see you then.

Sent from my iPhone

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Hi Doug,

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For Fiscal Service enquiries please contact Meng Xu:
meng.xu@woodmac.com

For all other fiscal enquiries please contact Ross Millan:
ross.millan@woodmac.com

Thank you.

______________________________

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Kris,

As requested, see attached. We are still working through this final draft version.

Gerard

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W5
• (tel) +1 709 729 4679  • (fax) +1 709 729 2508

Hi Gerard,

Can you forward the report?

Thanks,
Kris

---

Hi Gerard
Thanks for the note. I am tied up with an out of town external visit today. Kris will attend this.

Thanks
Rich

Sent from my iPhone

On Jan 29, 2018, at 8:23 AM, Collins, Gerard <gerardcollins@gov.nl.ca> wrote:

If you are available.

Doug

-----Original Appointment-----
From: Collins, Gerard
Sent: Tuesday, January 23, 2018 9:30 AM
To: Collins, Gerard; Barnes, Paul (paul.barnes@capp.ca); Piccott, Jill (jill.piccott@capp.ca); Trask, Doug; McIntosh, Gordon; Abundo, Nena; Parsons, Paul O; Petrovic, Jovan; Corken, David; Allen, Fred A.; Kellas, Graham; Hubbard, Terence (NRCan/RNCan)
Subject: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie
When: Monday, January 29, 2018 2:00 PM-4:00 PM (UTC-03:30) Newfoundland.
Where: Natural Resources Building - Lower Level Cafeteria

Folks,

Natural Resources will be hosting a meeting on January 29 to provide an overview of key findings and recommendations within Wood Mackenzie’s final report on competitiveness of oil and gas investment attractiveness in NL.
Representatives will be here from Wood Mackenzie to lead the discussion.

Thanks,
Gerard

- disclaimer.txt
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<meeting.ics>
Gordon,

Attached are a few slides that Gerard and I are discussing with WM this am before you join us for lunch at 12 at the Sheraton.

I had an initial discussion with [Redacted] in December and the slides have been slightly modified based on that and internal input. We will do the same after our discussion with WM and then meet with CAPP to finalize a scope of work for Phase 2. Given budget limitations and other work commitments, the next phase would not be contracted prior to April 1 (assumes IBDF funding is available, etc.). The Minister will also need to be briefed seeking concurrence prior to moving forward.

Doug
Hi Doug

I’m attaching a mock up of the chart I was describing earlier. I think it could be a good way of identifying the relative impact of each component of the project and then we can compare each of these across the jurisdictions.

Thanks again for lunch and I look forward to hearing from you soon.

Best regards,

Graham Kellas
Senior Vice President, Global Fiscal Research
T +44 (0)203 060 0574
E graham.kellas@woodmac.com

Wood Mackenzie
5th Floor
1 Finsbury Square
London EC2A 1AE
United Kingdom

---

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: 29 January 2018 10:11
To: Parkinson, David; Trask, Doug
Cc: Kellas, Graham; Abundo, Nena
Subject: RE: Presentation for meeting at 2pm today

Thanks David. The 10:30 meeting will be here in the 4th floor Boardroom. I may meet you down in the lobby. Otherwise, you can sign in with Mike Russel and come on up to the 4th floor.

Thanks,
Gerard

---

From: Parkinson, David [mailto:david.parkinson@woodmac.com]
Sent: Monday, January 29, 2018 9:25 AM
To: Collins, Gerard; Trask, Doug
Cc: Kellas, Graham; Abundo, Nena
Subject: RE: Presentation for meeting at 2pm today
Gerard,

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Regards

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From: Trask, Doug
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Cc: Kellas, Graham; Collins, Gerard
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Sent from my iPhone

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meng.xu@woodmac.com
For all other fiscal enquiries please contact Ross Millan:
ross.milan@woodmac.com
Thank you.
Hi guys, I was just looking through my files for the last document/presentation on your financial modelling work. Attached is the one that Warren provided at end of November and I think was what we discussed on our last call before Christmas.

Our call tomorrow is to talk about the modelling work and determine what we wish to share with CAPP. I assume you will be able to speak to the work you’ve done to date. Is that right? Should I recirculate the attached document or do you have another document?

Thanks
Annette
Tina, can you print for me please

Regards

Gordon

Sent from my BlackBerry 10 smartphone on the Bell network.

FYI. I can update following the meeting on work scope – this presents a wider perspective for discussion.

Folk – see attached slide pack to for discussion on Feb 6.

Regards,
Gerard

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources  •  50 Elizabeth Avenue, 4th Floor  •  St. John’s, NL  •  Canada  •  A1A 1W5
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Please note the meeting location has changed.

Jill

----------------------------------------
Please Note / Veuillez noter: This communication is intended for the person or entity to which it is addressed and may contain confidential and/or privileged information. If you have received this communication in error, please contact the sender immediately and delete all copies. Cette communication est reservee a l'usage de la personne a qui elle est adressee et peut contenir de l'information confidentielle et privilegee. Si vous avez recu cette communication par erreur, veuillez immediatement communiquer avec son expéditeur et détruire toutes les copies.
Let’s call from the meeting room

From: Collins, Gerard  
Sent: Thursday, February 01, 2018 2:00 PM  
To: Trask, Doug  
Subject: RE: UNCLOS modelling - Conference Call today

Doug – Where do you want to do the call? Your office or the meeting room on your floor?

Thanks,
Gerard

From: Trask, Doug  
Sent: Thursday, February 01, 2018 12:42 PM  
To: Collins, Gerard  
Cc: Abundo, Nena  
Subject: RE: UNCLOS modelling - Conference Call today

As discussed, see attached NRCan results document with track changes. For reference, I have also attached my results with respect to calibrating with NRCan on the CAPP Case.

With respect to meeting or sharing with CAPP, I recommend the following to form part of the discussion and be included within a short presentation:
I could quickly compile a short slide pack as per the above if required. Assume NRCan can do as well.

Let me know if you wish to discuss further.

Gerard

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---

From: Tobin, Annette (NRCan/RNCan) [mailto:annette.tobin@canada.ca]
Sent: Wednesday, January 31, 2018 6:15 PM
To: Neill, Warren (NRCan/RNCan); Collins, Gerard
Cc: Wightman, Corey (NRCan/RNCan)
Subject: UNCLOS modelling

Hi guys, I was just looking through my files for the last document/presentation on your financial modelling work. Attached is the one that Warren provided at end of November and I think was what we discussed on our last call before Christmas.

Our call tomorrow is to talk about the modelling work and determine what we wish to share with CAPP. I assume you will be able to speak to the work you’ve done to date. Is that right? Should I re-circulate the attached document or do you have another document?

Thanks
Annette
Gerard, thank you very much for your thoughts.

Everyone, let’s use Gerard’s outline below to guide our discussion a little later today. Also attached is analysis summary that Warren pulled together and includes Gerard’s comments.

Talk soon.

Annette

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]
Sent: February 1, 2018 11:24
To: Tobin, Annette (NRCan/RNCAn) <annette.tobin@canada.ca>; Neill, Warren (NRCan/RNCAn) <warren.neill@canada.ca>
Cc: Wightman, Corey (NRCan/RNCAn) <corey.wightman@canada.ca>; Trask, Doug <DougTrask@gov.nl.ca>; Abundo, Nena <NenaAbundo@gov.nl.ca>
Subject: RE: UNCLOS modelling

Hi Annette,

Just a quick follow up to your e-mail and for discussion at 4pm today see below.

With respect to meeting or sharing with CAPP, I recommend the following to form part of the discussion and be included within a short presentation:
Hi guys, I was just looking through my files for the last document/presentation on your financial modelling work. Attached is the one that Warren provided at end of November and I think was what we discussed on our last call before Christmas.

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Thanks
Annette
Thanks everyone for the call. Here is a quick recap of our next step: I will contact Paul Barnes to set up a short meeting with CAPP, potentially on Feb 20th in St. John’s or as a teleconference if need be. We will circulate a draft presentation in the next week for your input. Stay tuned.

From: Tobin, Annette (NRCan/RNCAn)  
To: Collins, Gerard; Neill, Warren (NRCan/RNCAn); Allen, Fred A.; Trask, Doug; Gardiner, Timothy (NRCan/RNCAn)  
Cc: Wightman, Corey (NRCan/RNCAn); Abundo, Nena  
Subject: RE: UNCLOS modelling  
Date: Thursday, February 1, 2018 5:24:24 PM  
Attachments: 165884 MIN SIGNED.pdf; Article 62 Draft Regulation.docx

Nice evening,  
Annette

Gerard, thank you very much for your thoughts.

Everyone, let’s use Gerard’s outline below to guide our discussion a little later today. Also attached is analysis summary that Warren pulled together and includes Gerard’s comments.

Talk soon.

Annette

From: Collins, Gerard [mailto:gerardcollins@gov.nl.ca]  
Sent: February 1, 2018 13:05  
To: ‘Collins, Gerard’ <gerardcollins@gov.nl.ca>; Neill, Warren (NRCan/RNCAn) <warren.neill@canada.ca>; ‘Allen, Fred A.’ (fredallien@gov.nl.ca) <fredallien@gov.nl.ca>; Trask, Doug <DougTrask@gov.nl.ca>  
Cc: Wightman, Corey (NRCan/RNCAn) <corey.wightman@canada.ca>; Abundo, Nena <NenaAbundo@gov.nl.ca>  
Subject: RE: UNCLOS modelling

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Sent: February 1, 2018 11:24  
To: Tobin, Annette (NRCan/RNCAn) <annette.tobin@canada.ca>; Neill, Warren (NRCan/RNCAn) <warren.neill@canada.ca>  
Cc: Wightman, Corey (NRCan/RNCAn) <corey.wightman@canada.ca>; Trask, Doug <DougTrask@gov.nl.ca>; Abundo, Nena <NenaAbundo@gov.nl.ca>  
Subject: RE: UNCLOS modelling
Hi Annette,

Just a quick follow up to your e-mail and for discussion at 4pm today see below.

With respect to meeting or sharing with CAPP, I recommend the following to form part of the discussion and be included within a short presentation:

As well, I have attached the document as compiled by Warren with a few suggested track changes and comments.

Talk to you later today.

Cheers,
Gerard

Gerard Collins  |  Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources  •  50 Elizabeth Avenue, 4th Floor  •  St. John’s, NL  •  Canada  •  A1A 1W5
•  (tel) +1 709 729 4679  •  (fax) +1 709 729 2508

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From: Tobin, Annette (NRCan/RNCan) [mailto:annette.tobin@canada.ca]
Sent: Wednesday, January 31, 2018 6:15 PM
To: Neill, Warren (NRCan/RNCan); Collins, Gerard
Cc: Wightman, Corey (NRCan/RNCan)
Subject: UNCLOS modelling

Hi guys, I was just looking through my files for the last document/presentation on your financial modelling work. Attached is the one that Warren provided at end of November and I think was what we discussed on our last call before Christmas.

Our call tomorrow is to talk about the modelling work and determine what we wish to share with CAPP. I assume you will be able to speak to the work you’ve done to date. Is that right? Should I re-
circulate the attached document or do you have another document?

Thanks
Annette

“This email and any attached files are intended for the sole use of the primary and copied addressee(s) and may contain privileged and/or confidential information. Any distribution, use or copying by any means of this information is strictly prohibited. If you received this email in error, please delete it immediately and notify the sender.”
The Honourable Siobhan Coady, M.H.A.
Minister of Natural Resources
Government of Newfoundland and Labrador
P.O Box 8700
St. John's, Newfoundland and Labrador A1B 4J6

Dear Minister Coady:

Thank you for your letter of October 21, 2016, about offshore oil and gas issues of mutual interest.

There has been significant advancement on the two major regulatory initiatives over the last few years, namely, the Frontier and Offshore Regulatory Renewal Initiative and the Atlantic Occupational Health and Safety Initiative. This progress is the result of a strong partnership between federal and provincial governments, and the participation of the regulators responsible for offshore oil and gas activities. I am optimistic that through continued collaboration and engagement, these regulations will be brought into force by our target dates.

I would also like to express my thanks to you and your team for contributing to the development of the amendments to the "Transitional Occupational Health and Safety Regulations." I understand that stakeholders identified these amendments as being critical to provide flexible requirements for exploration programs while the final regulations are being developed. These amendments are expected to be adopted by late spring 2017.

Over the last three years, we have undertaken a number of important land tenure initiatives in the Canada–Newfoundland and Labrador offshore that arguably have already yielded positive results, such as the recently announced $758 million in work commitments stemming from the 2016 call for bids. I share your desire to further modernize the regime to improve its international competitiveness, attract new players and investment, and increase the amount of exploration and development activities.
in the region. We agree that these changes are required to refresh our 30-year-old land
tenure system and to reflect new realities, practices and advances in technology. Natural
Resources Canada is dedicated to advancing work with the province and offshore industry
to identify further opportunities to strengthen competitiveness.

I understand that officials from both of our respective ministries recently met with federal
and provincial environment departments to discuss the application of the provincial Management of Greenhouse Gas Act to the Canada–Newfoundland and Labrador’s
offshore. Recognizing that the greenhouse gas (GHG) emissions from offshore oil and gas
are part of the province’s total emissions, I am looking forward to working with you to
provide flexibility to incorporate the province’s GHG regime in the Atlantic Accord Act.

The Government of Canada also aims to protect 5% of Canada’s marine and coastal
environment by 2017, and 10% by 2020. As a province with clear links to the sea, I am
certain you share the conviction on the need to protect our marine environment. Over the
coming months, I expect that Fisheries, Oceans and Canadian Coast Guard Canada will
engage with you on the identification of potential marine protected areas. Recognizing
the joint management of the offshore, it is necessary that our two governments continue
to discuss the use of the Accord Act to facilitate the establishment of marine protected
areas; Newfoundland and Labrador’s support for contributing to the marine targets will be
critical to meeting Canada’s commitment.

I also believe that the matter of article 82 of the United Nations Convention on the Law
of the Sea will be an important issue to address, given the offshore industry’s stated issues
about the potentially unknown costs arising from production on Canada’s extended
continental shelf. I understand that my officials proposed a straightforward solution to
collect levies via regulations last year, and I trust you will consider the proposal and look
forward to receiving your views on it.

Overall, I am pleased with the progress we have made to advance these important
initiatives. The productive working relationship between our ministries will no doubt
facilitate future collaborative work and help resolve other complex issues that are
inherent to our joint management regime.
I look forward to continuing to work with you in advancing our shared goals for the development and long-term prosperity of the Canada–Newfoundland and Labrador offshore area.

Again, thank you for writing.

Yours sincerely,

The Honourable Jim Carr, P.C., M.P.

c.c.: The Honourable Eddy Joyce, M.H.A.
    Minister of Service NL
    Government of Newfoundland and Labrador
NRCan is working on a presentation to provide to CAPP with a potential meeting on Fen 20 in St. John'!s. This will certainly be an issue that will be on the agenda of the upcoming Atlantic Offshore Competitiveness Roundtable - CEAA, UNCLOS, and carbon pricing are all federal obligations that are combining to negatively impact our competitiveness!

Sent from my iPhone

On Feb 3, 2018, at 5:46 PM, McIntosh, Gordon <GordonMcIntosh@gov.nl.ca> wrote:

S. 29 (1) (a)

Regards
Gordon

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Quinton, Diana
Sent: Saturday, February 3, 2018 16:50
To: Trask, Doug; Coady, Siobhan
Cc: McIntosh, Gordon; Allen, Fred A.
Subject: REVISED: Key Messages: UNCLOS

Here are revised messages.

Key Messages:
- The Provincial Government is ensuring the ball of value - royalties, equity and benefits - are maximized on behalf of Newfoundlanders and Labradorians for all projects offshore, including those beyond the 200 nautical mile limit.
- With regards to UNCLOS, the details are still under development by Canada (as the coastal state) and other signatories of UNCLOS.
- The provincial and federal governments have formed a working group, through the Atlantic Offshore Competitiveness Roundtable, and are currently working to provide certainty in advance of exploration and development decisions.

From: Trask, Doug
Sent: Saturday, February 03, 2018 4:40 PM
First bullet - we are, but working with proponents implies they have the same objective so delete the reference to proponents and it is accurate.

Sent from my iPhone

On Feb 3, 2018, at 4:33 PM, Coady, Siobhan <SiobhanCoady@gov.nl.ca> wrote:

We need to discuss - first bullet indicates the provincial govt is working to maximize value to the province which I believe is correct so I'm not sure why it would be considered incorrect.

Third message is about providing certainty which again is correct.

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Trask, Doug
Sent: Saturday, February 3, 2018 4:25 PM
To: Quinton, Diana
Cc: Coady, Siobhan; McIntosh, Gordon; Allen, Fred A.
Subject: Re: REVISED: Key Messages: UNCLOS

I would delete the first key message as that is not correct - proponents will want to minimize the cost of any development, including the payment that will be required specific to developments beyond 200 natural miles.

Sent from my iPhone

On Feb 3, 2018, at 3:31 PM, Quinton, Diana <DianaQuinton@gov.nl.ca> wrote:

Here are the key messages I am sending to Jason.
KEY MESSAGES

Natural Resources
UNCLOS
February 3, 2018

Summary:
• States that are party to the United Nations Convention on the Law of the Sea (UNCLOS), which have developed and are benefitting from resources located on their extended continental shelf beyond 200 nautical miles, will be required to make payments or contributions to the United Nations.
• These payments or contributions will then be redistributed to other state parties of UNCLOS.

Anticipated Question:
What is government’s position regarding Article 82 of UNCLOS?

Key Messages:
• The Provincial Government will work with proponents of projects beyond the 200 nautical mile limit to ensure the ball of value - royalties, equity and benefits - are maximized on behalf of Newfoundlanders and Labradorians.
• With regards to UNCLOS, the details are still under development by Canada (as the coastal state) and other signatories of UNCLOS.

Prepared by: Diana Quinton
Approved by: Minister Siobhan Coady

34 (1)(a)(i)
Kris,

Attached are a few suggested edits to soften the language, particularly in the Executive Summary. Could you give me a call today to walk through this.

I can answer some of your questions and would like to determine what are the must have Q&As where there are gaps, so we can get this to WM before end of today.

The next phase will be more detailed costing and project economics to answer some of the questions you, CAPP and ourselves have raised specific to the area of competitiveness.

Doug

---

Doug Trask  
Assistant Deputy Minister (Royalties and Benefits)  
Department of Natural Resources  
Government of Newfoundland and Labrador  
7th Floor, Natural Resources Building  
50 Elizabeth Avenue  
P.O. Box 8790, St. John’s, NL A1B 4J6  
T: 709-729-1644  
E: dougtrask@gov.nl.ca

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S. 29 (1) (a)

We are happy to discuss with you and/or WoodMac at your convenience.

Regards,  
Kris
Kris Costello
Operations Manager
Nalcor Energy - Oil and Gas
t. 709 737-1392    c. 709 691-7627    f. 709 737-1816
e. KrisCostello@nalcorenergy.com

From: "Collins, Gerard" <gerardcollins@gov.nl.ca>
To: "KrisCostello@nalcorenergy.com" <KrisCostello@nalcorenergy.com>
Cc: "Trask, Doug" <DougTrask@gov.nl.ca>, "Abundo, Nema" <NemaAbundo@gov.nl.ca>
Date: 01/23/2018 12:50 PM
Subject: RE: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Kris,

As requested, see attached. We are still working through this final draft version.

Gerard

Gerard Collins | Manager, Research & Analysis – Economics & Benefits Division
Department of Natural Resources • 50 Elizabeth Avenue, 4th Floor • St. John’s, NL • Canada • A1A 1W9
• (tel) +1 709 729 4670 • (fax) +1 709 729 2508

From: KrisCostello@nalcorenergy.com
Sent: Monday, January 29, 2018 12:50 PM
To: Collins, Gerard
Subject: Re: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Hi Gerard,

Can you forward the report?

Thanks,
Kris

Kris Costello
Operations Manager
Nalcor Energy - Oil and Gas
t. 709 737-1392    c. 709 691-7627    f. 709 737-1816
e. KrisCostello@nalcorenergy.com
Pretty substantial comments from Nalcor.......  

From: KrisCostello@nalcorenergy.com [mailto:KrisCostello@nalcorenergy.com]  
Sent: Monday, February 5, 2018 4:21 PM  
To: Collins, Gerard  
Cc: Trask, Doug; Abundo, Nena; LaurieCoady@nalcorenergy.com; RichardWright@nalcorenergy.com  
Subject: RE: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Hi Gerard/Doug,

Please find attached our comments on the draft Wood Mackenzie report.

We are happy to discuss with you and/or WoodMac at your convenience.

Regards,
Kris

---

From: "Collins, Gerard" <gerardcollins@gov.nl.ca>  
To: "KrisCostello@nalcorenergy.com" <KrisCostello@nalcorenergy.com>  
Cc: "Trask, Doug" <DougTrask@gov.nl.ca>, "Abundo, Nena" <NenaAbundo@gov.nl.ca>  
Date: 01/29/2018 12:58 PM  
Subject: RE: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Kris,

As requested, see attached. We are still working through this final draft version.

Gerard
From: KrisCostello@nalcenergy.com
Sent: Monday, January 29, 2018 12:50 PM
To: Collins, Gerard
Subject: Re: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Hi Gerard,

Can you forward the report?

Thanks,

Kris

---

From: Richard Wright/NLHydro
To: "Collins, Gerard" <gerardcollins@gov.nl.ca>
Cc: Kris Costello/NLHydro
Date: 01/29/2018 11:24 AM
Subject: Re: Invitation: FW: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie (Jan 29 02:00 PM NST in Natural Resources Building - Lower Level Cafeteria)

Hi Gerard

Thanks for the note. I am tied up with an out of town external visit today. Kris will attend this.

Thanks
Rich

Sent from my iPhone

On Jan 29, 2018, at 8:23 AM, Collins, Gerard <gerardcollins@gov.nl.ca> wrote:

If you are available.
Doug

-----Original Appointment-----

From: Collins, Gerard
Sent: Tuesday, January 23, 2018 9:30 AM
To: Collins, Gerard; Barnes, Paul (paul.barnes@capp.ca); Piccott, Jill (jill.piccott@capp.ca); Trask, Doug; McIntosh, Gordon; Abundo, Nena; Parsons, Paul O; Petrovic, Jovan; Corkey, David; Allen, Fred A.; Kellas, Graham; Hubbard, Terence (NRCan/RNCan)
Subject: NL Oil and Gas Investment Competitiveness - Meeting with Wood Mackenzie

When: Monday, January 29, 2018 2:00 PM-4:00 PM (UTC-03:30) Newfoundland.
Where: Natural Resources Building - Lower Level Cafeteria

Folks,

Natural Resources will be hosting a meeting on January 29 to provide an overview of key findings and recommendations within Wood Mackenzie’s final report on competitiveness of oil and gas investment attractiveness in NL.
Representatives will be here from Wood Mackenzie to lead the discussion.

Thanks,
Gerard

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<meeting.ics>

“
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Gerard

From: Abundo, Nena
Sent: Tuesday, January 16, 2018 12:45 PM
To: Quinton, Diana
Cc: Trask, Doug; Collins, Gerard
Subject: RE: CEA Changes - Info Sheet

Diana,

Give me a call. Federal take numbers are confidential and can’t go in an infographic. For the Minister’s information cumulative federal take up to 2016 was approximately [redacted]. Estimated life of field take is approximately [redacted] Might be able to provide additional details/analysis when Gerard gets in.

Nena

From: Quinton, Diana
Sent: Tuesday, January 16, 2018 12:23 PM
To: Abundo, Nena <NenaAbundo@gov.nl.ca>; Trask, Doug <DougTrask@gov.nl.ca>
Subject: FW: CEA Changes - Info Sheet

Newest draft

From: LeonaBarrington@nalcorenergy.com
Sent: Tuesday, January 16, 2018 12:13 PM
To: Quinton, Diana
Subject: RE: CEA Changes - Info Sheet

Hi there,

Here you go...

Leona Barrington  
Sr. Communication Advisor  
Corp. Comm. & Shareholder Rel.  
Nalcor Energy  
t. 709 737-4244  c. 709 699-8035  
e. LeonaBarrington@nalcorenergy.com
You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

From: "Quinton, Diana" <DianaQuinton@gov.nl.ca>
To: "LeonaBarrington@nalcorenergy.com" <LeonaBarrington@nalcorenergy.com>
Date: 01/15/2018 05:03 PM
Subject: RE: CEAA Changes - Info Sheet

Hi Leona:

Could you please make the following changes/additions? Thanks so much.

Diana

ADD SECTION: Economic Impact of the Industry (There are a lot of bullets here. Let me know how much you can fit in.)
- Four offshore projects produce 25 per cent of Canada's conventional light crude
- 5,641 people directly employed on four offshore projects as of September 2017
- $19.8 billion in cumulative royalties as of March 31, 2017
- $56.1 billion in industry expenditures since 1966
- Production of 1.7 billion barrels of oil since 1997
- 25 per cent of provincial GDP and 41 per cent of exports over the past 20 years
- Over $506 million spent on R&D and education & training since April 1, 2004

MAKE CHANGES TO SECTION: Impacts of Regulatory Changes on Offshore Oil
Joint management under the Atlantic Accord (instead of Unraveling of)
Exploration wells treated like full project (instead of Exploration wells being treated like a full project)

From: LeonaBarrington@nalcorenergy.com [mailto:LeonaBarrington@nalcorenergy.com]
Sent: Monday, January 15, 2018 10:00 AM
To: Quinton, Diana
Subject: CEAA Changes - Info Sheet
Importance: High

Hi Diana,

Hope you had a good weekend!

I'm following-up on a call Rich sat in on with you folks last week to discuss next steps re: CEAA changes. I understand a action item was for us to draft a one pager that you folks could use as
a leave behind. Attached is our draft.

and don't have a office line set-up yet, if you'd like to give chat best to call me on my cell.

Thanks.
Leona

Leona Barrington
Sr. Communication Advisor
Corp. Comm. & Shareholder Rel.
Nalcor Energy
t. 709 737-4244  c. 709 699-8035
e. LeonaBarrington@nalcorenergy.com
w. nalcorenergy.com

You owe it to yourself, and your family, to make it home safely every day. What have you done today so that nobody gets hurt?

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Ok thank you

Sent from my BlackBerry 10 smartphone on the Bell network.

Minister:
Are you okay with this response?
Thanks,
Diana

Premier was not interviewed this past weekend on UNCLOS. I have been asked to send a statement on behalf of the Minister to the reporter, based on the key messages we developed.

Here is what I plan to send to him.

Question from [REDACTED]

My question is about the latest oil exploration plan past the 200-nautical-mile exclusive economic zone limit from BP Petroleum. This is the latest in many applications by energy firms to explore past the limit. As you may know, Canada is a signatory to the United Nations Law of the Sea Article 82, which stipulates that a percentage of revenues from fossil fuels extracted past the limit will have to put into an international development fund.

I was wondering, given this increasing interest in exploration past the limit, what Newfoundland is doing to protect its potential revenues from those sites? Has it raised its interest in any meetings with the federal government?

Answer:
The Government of Newfoundland and Labrador is ensuring royalties, equity and benefits are maximized on behalf of Newfoundlanders and Labradors for all projects offshore, including those beyond the 200 nautical mile limit. With regards to UNCLOS, the details are still under development by Canada (as the coastal state) and other signatories of UNCLOS. The provincial and federal
governments have formed a working group, through the Atlantic Offshore Competitiveness Roundtable, and are currently working to provide certainty in advance of exploration and development decisions.
Sent from my BlackBerry 10 smartphone on the Bell network.

From: Coady, Siobhan
Sent: Tuesday, February 20, 2018 3:27 PM
To: Quinton, Diana; McIntosh, Gordon; Allen, Fred A.; Trask, Doug
Cc: White, Keith S
Subject: RE: KMs for HOA - CEEA, SeaRose and UNCLOS

We should have KM's on TN as well

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Coady, Siobhan
Sent: Tuesday, February 20, 2018 3:15 PM
To: Quinton, Diana; McIntosh, Gordon; Allen, Fred A.; Trask, Doug
Cc: White, Keith S
Subject: Re: KMs for HOA - CEEA, SeaRose and UNCLOS

As requested by Comms Branch on behalf of PO, I am preparing key messages on hot items for HOA.

I will include the attached key messages on CEEA, SeaRose and UNCLOS.

Diana Quinton
Director of Communications
Natural Resources
Government of Newfoundland and Labrador
709-729-5282
Gentlemen:

I read with interest last week's announcement that Newfoundland is seeking to renegotiate the Atlantic Accord. I expect that the implementation of Article 82 of the United Nations Convention on the Law of the Sea will likely arise in such negotiations and I thought, therefore, you might be interested in the attached article that I have recently published under the title "Article 82 of UNCLOS: The day of reckoning approaches". The article can also be accessed online at: https://academic.oup.com/jweb/article/10/6/488/4060652?guestAccessKey=6e81f8f5-fd01-42fc-98c3-846e71087f6c

Yours sincerely,
Last part - binder 3
Annette, Doug,

Were we going to roll up all the follow-up items into one message or do you want to forward my inputs directly? Here is what I have:
Just a short note to thank you for your contributions to today’s discussion on UNCLOS.

Deputy Director, Policy
Offshore Petroleum Management Division
Natural Resources Canada
(613) 908-0352
Interesting, I have been thinking about what more we need to be aware of this week whilst at APPEX looking at the Competition. Let's discuss when I get back.

Regards

Gordon

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Trask, Doug
Sent: Thursday, March 1, 2018 12:54
To: McIntosh, Gordon
Subject: FW: BdN - Impact of Pre-Development Costs (Statoil vs NL)

Doug

From: Collins, Gerard
Sent: Tuesday, February 27, 2018 4:14 PM
To: Trask, Doug
Cc: Slaney, Kristopher; Abundo, Nena; Petrovic, Jovan; Philpott, Angie
Subject: BdN - Impact of Pre-Development Costs (Statoil vs NL)

Doug / all

See summary below. Will look at breakeven prices and further analysis etc going forward.
You could discuss with the Minister if you get a chance while at PDAC – your call

I have attached a draft scope for Phase 2 if you would like to scan.

Guys, I have th DM breakfast first thing on Friday!
Regards
G

Sent from my BlackBerry 10 smartphone on the Bell network.

I provided a high level briefing on WM Competitiveness Report on Friday.

Agenda

Brenda, can you send a meeting invite to Gordon and I.

Doug
Doug, all good but if you get a chance to mention it to the Minister then don’t mind me! She is back today and I am back tomorrow night.

Regards

Gordon

Sent from my BlackBerry 10 smartphone on the Bell network.

---

From: Trask, Doug
Sent: Wednesday, March 7, 2018 07:19
To: McIntosh, Gordon
Subject: RE: UNCLOS teleconference (Feb 28) - follow-up items

See important note on TCII below and points to note from my calls yesterday with CAPP and NRCAN:

Doug

---

From: McIntosh, Gordon
Sent: Sunday, March 04, 2018 1:43 PM
To: Trask, Doug  
Subject: Re: UNCLOS teleconference (Feb 28) - follow-up items

Agreed

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Trask, Doug  
Sent: Sunday, March 4, 2018 12:08  
To: McIntosh, Gordon  
Subject: RE: UNCLOS teleconference (Feb 28) - follow-up items

For sure – I communicated the same on the call –

Below is intended to maintain the relationship and hopefully identify something positive that we can all support.

From: McIntosh, Gordon  
Sent: Sunday, March 04, 2018 1:25 PM  
To: Trask, Doug  
Subject: Re: UNCLOS teleconference (Feb 28) - follow-up items

Regards
Gordon

Sent from my BlackBerry 10 smartphone on the Bell network.

From: Trask, Doug  
Sent: Sunday, March 4, 2018 11:47  
To: McIntosh, Gordon  
Subject: FW: UNCLOS teleconference (Feb 28) - follow-up items

Gordon,

I assume I am ok to proceed with this re. exploration incentives work via Roundtable (we will certainly be doing quite a bit of work internally to develop options/our position)?

Doug

From: Gardiner, Timothy (NRCan/RNCan) [mailto:timothy.gardiner@canada.ca]  
Sent: Saturday, March 03, 2018 3:38 PM  
To: Tobin, Annette (NRCan/RNCan); Trask, Doug  
Cc: Collins, Gerard; Leblond, Jennifer (NRCan/RNCan)  
Subject: Re: UNCLOS teleconference (Feb 28) - follow-up items

Yes, worth listing those for Doug when we discuss.
I was also thinking [redacted] that there are some proposed changes to Land tenure regime [redacted] S. 29 (1) (a).

We're prepared to collaborate on incentive proposals, consistent with the Comp RT workplan. I think there's general agreement at NRCan that proposals to offset some or all of the added costs GoC env measures will bring merit consideration; the biggest challenge to implementation aside from cost is the GoC commitment to phase out "inefficient fossil fuel subsidies". Let's discuss further on Monday.

Jen - can you pls find a time that works for everyone?

Annette/Tim,

Thanks for the update and coordinating this effort – not an easy one for the E&P companies who see this as an added cost impacting Canada's competitiveness.

Doug
Sent: Thursday, March 01, 2018 2:33 PM
To: Trask, Doug; Collins, Gerard; Barnes, Paul; Piccott, Jill; Allen, Fred A.; Neill, Warren (NRCan/RNCan); 'Kenneth.Wong@international.gc.ca'; Gardiner, Timothy (NRCan/RNCan); Wightman, Corey (NRCan/RNCan)
Subject: UNCLOS teleconference (Feb 28) - follow-up items

Good day everyone, thank you for participating in yesterday’s conference call. The UNCLOS file is never a dull discussion.

I have recorded three items for follow-up. Please let me know if I have missed anything.

1. Global Affairs to share the ISA’s Technical Papers  (Done - see links below. Thanks Ken for quick response)
2. CAPP will confirm whether any additional scenarios should be modelled
3. CAPP will provide feedback on the definitions paper and Working Group’s modelling work in the coming weeks. CAPP will provide their feedback in writing or through a subsequent discussion with governments.

Here’s a recap of the participants on yesterday’s call:

Federal government – Ken Wong, Global Affairs; Tim Gardiner, NRCan; Warren Neil, NRCan; Annette Tobin, NRCan
Industry – Jill Piccott, CAPP; Vanessa Newhook, Chevron; Alana Peterson, BP; Cathy Mandville, Husky; Nick Crosbie, Husky; Jim Butler, Statoil; Mark Foster, ExxonMobil; Mark Andrews, ExxonMobil
NL Dept. of Natural Resources – Gerard Collins and Doug Trask

Annette

---------------------

From: Ken Wong, Legal Officer, Continental Shelf Division, Global Affairs Canada

The negotiation of any substantial treaty, like NAFTA and WTO for example reflects a compromise between many interests and one can of course argue that seemingly unrelated provisions are a result of a compromise struck over any number of negotiation items. Such links can be created and argued but as the subject matter becomes more distant, those links become weaker. I have seen two papers only, one from Rowland and the other from Wylie that acknowledge the *quid pro quo* and then go on to argue their unique positions. The overwhelming majority of practitioners and legal scholars simply see Article 82 as the *quid pro quo* for the drafting of the broad and inclusive definition of what constitutes the juridical continental shelf found in Article 76 (i.e. as opposed to the geologists’ definition). In Technical Study (TS) 4, you find on page 21, in the section describing the relationship between Article 82 and Article 76:

*As indicated, Article 82 has a particular quid pro quo relationship with Article 76. Collectively, the two provisions reflect the negotiators’ intentions, and since adoption of the Convention, also the intentions of States Parties that the benefit which the coastal*
State enjoys from the exploitation of non-living resources of the OCS is accompanied by the collateral or contingent obligation in Article 82.

There are many scholarly articles and books on this topic but the TSs issued by the ISA following workshops it organizes is very important. While the conclusions and recommendations found in the TSs are not binding on the ISA, they greatly inform the decisions made in the Council and Assembly, more so than any other resource. Below are links to the TSs that they have published in this regard.

A warning against relying too much of anything found in an earlier technical study – consensus is a development in progress, so questions and issues discussed in an earlier TS may be answered or resolved in a later one. You have to read the studies sequentially in order to have an idea of where we are now. That said, going back to Technical Study 4 helps address many of the hypothetical, first-principle type issues that were raised in the call today. TS4, Section 5.2.3 starting on page 32 offers the clearest statement of what is meant by “all production”, complete with the negotiation history. Deductions of costs were not to be permitted as negotiators knew that it would be too difficult to agree on what cost elements could be deducted to determine a “net revenue”. “Value” is also dealt with. The “contributions in kind” point is explored and no substantial difference between discharging the obligation with payments was found. If there is an advantage to paying in kind, let me know the business case for this and I can notify the ISA. They had not forseen this.

One final thing that worth noting is Annex 1 of TS12. While the outcome of the discussions in working group described in Annex 1 have largely been superseded by developments since 2012, it should be clear that there is a faction that believes that the ISA should be more interventionist and even prescriptive in States’ discharge of Article 82 obligations. Dalhousie Law School’s Professor Aldo Chircop had a draft MoU that was somewhat prescriptive and may have resulted in the need for separate books for domestic and ISA calculations. Wylie Spicer and uVic’s Professor McDormand were in this group. Suffice to say that the current Secretary General is not in favour of the ISA intervening in the domestic affairs of States Parties because of reasons that I went over during the call but a “prescriptive approach” remains a risk.

Technical Study 15 – A Study of Key Terms in Article 82 of the United Nations Convention on the Law of the Sea


Technical Study 4 – Issues associated with the Implementation of Article 82 of the United Nations
Hi everyone, look forward to our discussion tomorrow. We made a small addition to slide 8 of the presentation. Please use the attached version for tomorrow’s call. Thanks

Annette

Deputy Director, Policy
Offshore Petroleum Management Division
Natural Resources Canada
(613) 808-0352

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Last part - binder 5
Here you go Chris. One from last December and one from last June (update to note I wrote originally).

Herb

---

From: Carter, Chris
Sent: Thursday, May 31, 2018 9:12 AM
To: Simms, Herb <HerbSimms@gov.nl.ca>
Subject: FW: Meeting request - June 19 or 20

Herb – as per Greg’s email can you have a look in trim and see if we have any relatively recent briefing notes/background info on these topics.
Thanks

---

From: Clarke, Greg
Sent: Thursday, May 31, 2018 8:57 AM
To: Carter, Chris
Subject: RE: Meeting request - June 19 or 20

Sounds good Chris. Going back to Ken’s original email setting up the June meeting.

1. I read the press release on Can-DK boundary issues – Ken’ll give us an update but wants NL’s views on transboundary hydrocarbon issues. Does NR have anything on this issue that you could share before the meeting?
2. On the CLCS process and maybe boundary issues as well, Fisheries has been involved in the past I think, and I’m wondering if we need to get Tom involved. My gut says that FLR has led on NL’s input on Canada’s continental shelf claim in the past.
3. Obviously Article 82 is NR’s thing. I’ve been involved with this over the years and maybe have similar material to what you can put your hands on, but if you have a note done in the last, say, 2 years, I’d appreciate taking a look. I can forward some stuff to you if you can’t put your hands on it.

Greg

---

Hi Greg and Doug,
It looks like once again, I will be visiting St. John’s in order to attend the NOIA conference and I would be pleased to give you an update on a number of items that will be relevant to you.
Doug, you will recall that I mentioned that the overlap of extended continental shelf in the Labrador Sea was an issue that we were looking to make some progress on and may have also noticed this press release announcing the establishment of the Canada-Denmark Joint Task Force on Boundary Issues from last week. The task force is a “virtual” task force and most of the work is being conducted by emails and phone calls at this point. The Labrador Sea overlap is included but it looks like it will be the last issue to be dealt with. We can give you a brief update on this but I would also like to discuss your preliminary views with respect transboundary hydrocarbon issues.

Other things we can discuss are the timelines of the CLCS process and I can also give a quick update on the Int’l Seabed Authority progress on Article 82. For the CLCS items, we will be fortunate to have Dr. David Mosher, Canada’s CLCS commissioner with us to provide his insights and respond to any questions you may have. Greg, I may have questions for you relating to indigenous consultations/engagement.

Wednesday afternoon after the NOIA program ends would be ideal if you are available. We can come down to your office.

Look forward to seeing you soon,

Ken

Kenneth Wong
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Global Affairs Canada | Affaires mondiales Canada
Government of Canada | Gouvernement du Canada

<image001.jpg>
From: Pennell, Tracey
To: Trask, Doug; Abundo, Nena; Slaney, Kristopher
Subject: Agreement
Date: Wednesday, June 13, 2018 1:41:47 PM
Attachments: Bay du Nord Framework Agreement - Draft 2018.05.29 (Consolidated comments) - JPS review 13062018 12 PM.docx

T.

Tracey L. Pennell
Solicitor
Department of Justice and Public Safety
Government of Newfoundland and Labrador
t.709.729.1336 f.709.729.2129

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Last part - binder 7
Records removed due to cabinet confidence.
Just a few bullets/needs work and input from others. Some of these questions should go to Equinor to answer (as noted).

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From: Quinton, Diana
Sent: 23 July 2018 20:47
To: Trask, Doug; Abundo, Nena
Subject: RE: Please help answer these questions and add QAs as necessary

As soon as you can would be great.

Did you want me to go to Nalcor about equity questions?

---

From: Trask, Doug
Sent: Monday, July 23, 2018 8:23 PM
To: Abundo, Nena
Cc: Quinton, Diana
Subject: FW: Please help answer these questions and add QAs as necessary

The team will need to work on short answers to these - let me know if you have gaps< I should review before we go back to Diana to reduce back and forth.

Nalcor O&G should be consulted on equity question.

Diana, what time do you need this back tomorrow?

---

From: Quinton, Diana
Sent: 23 July 2018 20:02
To: Trask, Doug
Subject: Please help answer these questions and add QAs as necessary

Diana Quinton
Director of Communications
Natural Resources
Government of Newfoundland and Labrador
709-729-5282
Bay Du Nord Announcement
Questions and Answers

1. What challenges come with this deepwater operation?
   - remote location (furthest offshore project)
   - operating in a harsh environment characterized as a difficult metocean environment with ice management requirements
   - deepwater (1200 metres water depth)

2. An equity stake of 10 per cent seems ambitious given stakes in other projects (Hebron - 4.9 per cent, White Rose Expansion - 5 per cent and Hibernia South Extension - 10 percent). Why was this percentage equity chosen?
   - significant upside resource potential and return on investment

3. How is the equity of 10 per cent being financed?
   - to be determined based on least cost

4. How much is the equity stake costing taxpayers?
   - $89 million purchase price for costs incurred to December 31, 2017
   - working interest obligations going forward

5. What are the benefits of having equity in the Bay du Nord project?
   - same as #2 in terms of rationale

- Topsides will be subject to competitive bid, but certain modules are on the critical path and are expected to be procured internationally
- There are minimum NL commitments to fabrication, including topsides and subsea fabrication

8. How does the project support digitalization, integrated operations and subsea priorities?
   - Commitments to subsea engineering and fabrication (e.g. large steel roller used in the manufacture of suction anchors for moorings)
   - Commitments to an integrated operations centre will support innovation related to digitalization
   - R&D and E&T expenditure commitments of a minimum of $75 million will support these priority areas

9. Has UNCLOS been considered in this agreement?
   - UNCLOS is an obligation of the Government of Canada
   - There is no decision on how Article 82 provisions will be implemented
10. How is the Bay du Nord Project expected to lead to increased exploration opportunities? Equinor should comment as well.
   - There will be significant drilling and completions work in advance of production, resulting in opportunities to increase exploration drilling due to rig availability.
   - A Framework Agreement for Bay du Nord is expected to attract exploration interest in deepwater and other basins offshore NL.

11. What is the estimated cost of the project?
   
   - The estimated cost of the project is $11.3 billion in capital and operating costs over the next 20 years.

12. Did we get the best deal possible in negotiations with Equinor?

   - The competition for exploration and production (E&P) investment is increasing and NL must compete in that global environment. Both sides had to arrive at compromises to balance expectations between project economics (project owners perspective) and returns to the resource owner (Government of NL perspective).
   - This Framework Agreement aligns with the priorities identified in Advance 2030.

13. Are you releasing the framework agreement?

   - Not at this time, there is commercially sensitive information in the agreement.
   - Benefits and Acquisition Agreements are still required prior to project sanction.
Some feedback:

1. Question 1 challenges relate to the physical or environmental characteristics of the location. You might want to have something in the back pocket on competitiveness (regulatory/fiscal) challenges: investing within a developing regulatory environment with rules to be developed around federal clean fuel standard regulations, marine protected areas, carbon pricing; and UNCLOS Article 82

2. Question 10 – would add some words (highlighted) to this sentence....Successfully executing a Framework Agreement for Bay du Nord is a positive signal to industry and is expected to attract exploration interest in deepwater and other basins offshore NL

3. Question 12 – Might be a place to add that the new GORR is in play

Hi folks,

We have been asked to review the attached Q&As for Thursday's announcement and provide input for the answers. There is a very tight turnaround on this so I would ask that you provide feedback asap. The equity questions will be answered by Nalcor. Doug has provided some initial input and has also indicated questions that should be answered by Equinor. Your feedback will be integrated into final responses.

Thanks,
Nena

From: Trask, Doug
Sent: Monday, July 23, 2018 8:23 PM
To: Abundo, Nena <NenaAbundo@gov.nl.ca>
Cc: Quinton, Diana <DianaQuinton@gov.nl.ca>
Subject: FW: Please help answer these questions and add QAs as necessary

The team will need to work on short answers to these - let me know if you have gaps< I should review before we go back to Diana to reduce back and forth.

Nalcor O&G should be consulted on equity question.

Diana, what time do you need this back tomorrow?
From: Quinton, Diana
Sent: 23 July 2018 20:02
To: Trask, Doug
Subject: Please help answer these questions and add QAs as necessary

Diana Quinton
Director of Communications
Natural Resources
Government of Newfoundland and Labrador
709-729-5282
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Hi

PO asked for KMs on the Keith Hutchings story from today. Here is what we have prepared.

KEY MESSAGES

Natural Resources
Bay du Nord
July 30, 2018

Summary:
- On July 26, Government announced the first step into a new frontier for the province’s oil and gas industry – remote, deepwater production through a framework agreement for the development of the Bay du Nord Project.
- On July 30, CBC ran a story with Opposition Natural Resources Critic, Keith Hutchings, which raised questions on a number of issues including UNCLOS, environmental assessments, and the province’s equity stake in the project.

Anticipated Question:
- How does the province plan to deal with the payment related to the United Nations Convention on the Law of the Sea (UNCLOS)?

Key Messages:
- UNCLOS is an agreement that was signed by the Government of Canada.
- The province has previously communicated that any payments required under UNCLOS Article 82 is an obligation of the Government of Canada and as such is not included in the Framework Agreement.

Anticipated Question:
Does the federal government’s new Environmental Assessment Process impact the Bay du Nord Project?

Key Messages:
- The Bay du Nord Project is covered under CEAA 2012 regulations, which means the proposed 2019 changes in regulatory requirements do not apply to the Bay du Nord project.
- Following Equinor’s submission of the Project Description, the Canadian Environmental Assessment Agency (CEAA) invited comments until July 16, 2018. A notice of determination whether an environmental assessment is required will be published by the Canadian Environmental Assessment Agency by August 9, 2018.
• Government continues to advocate for Canada’s environmental assessment process to allow us to responsibly develop our oil and gas opportunity in a timely manner.

Anticipated Question:
• How is the province financing the equity stake of 10 per cent?

Key Messages:
• The financial wellbeing of the province is always a priority of this government.
• The Bay du Nord development offers a strong return on investment for the province.
• The development concept provides a short period to reach pay back, with net revenue from this investment is estimated in the range of $800 million to $1 billion after all costs, financing, and royalties are paid.
• We are currently assessing financing options to determine how best to proceed.

Prepared by: Nancy Hollett, Media Relations Manager
Approved by: Doug Trask, Assistant Deputy Minister, Royalties and Benefits
Chris Carter, Manager, Regulatory Development

Nancy Hollett | Media Relations Manager
Department of Natural Resources and Women’s Policy Office
Government of Newfoundland and Labrador

Office: 709-729-5777
Mobile: 709-685-3372
E-Mail: NancyHollett@gov.nl.ca

From: Card, Jason
Sent: Monday, July 30, 2018 10:41 AM
To: Quinton, Diana; Foote, Carla; Joyce, Luke; Hollett, Nancy
Subject: KMs

Hi folks,

Can I please get summary KMs that address each of the issues raised in the following article: http://www.cbc.ca/news/canada/newfoundland-labrador/hutchings-on-bay-du-nord-1.4766221

Need this asap.

Best Regards,
Jason Card
Senior Communications Advisor
Premier's Office
Executive Council
Government of Newfoundland and Labrador
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