March 31, 2017

Dear [Redacted]:

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-22-2017)

On March 3, 2017, the Department of Natural Resources received your request for access to the following records/information:

A copy of the following briefing materials from January 2017 - Net metering update - Canada Flourspar Inc request for permission to grant consent of security interest over mineral licences mining leases and surface leases - NL Hydraulic Fracturing Review Panel Report - Unconventional opportunities and challenges - Ramea Wind-Hydrogen Diesel project - Minister meeting with Statoil re plans and activities for NL offshore - Emera's proposed Atlantic link

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 some of the requested information. Access to the remaining information contained within the records, has been refused in accordance with the following exceptions to disclosure, as specified in the Access to Information and Protection of Privacy Act (the Act):

Section 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;

Section 34(1)(b)
The head of a public body may refuse to disclose information to an applicant if the
disclosure could reasonably be expected to reveal information received in confidence
from a government, council or organization listed in paragraph (a) or their agencies;

Section 35(1)(b)
The head of a public body may refuse to disclose to an applicant information which
could reasonably be expected to disclose financial, commercial, scientific or technical
information that belongs to a public body or to the government of the province and that
has, or is likely to have, monetary value;

Section 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 government of the province or a public body, or
considerations which relate to those negotiations;

Section 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.

As required by 8(2) of the Act, we have severed information that is unable to be
disclosed and have provided you with as much information as possible; in accordance
with your request for a copy of the records, the records have been included with this
correspondence.

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 partial 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
is 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.

If you have any questions regarding the processing of your request, please feel free to contact me by telephone at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

Rod Hynes
ATIPP Coordinator
Information Note
Department of Natural Resources

Title: Net metering update

Issue: To provide an update on the status of net metering programs in the province.

Background and Current Status:
- Premier Ball’s December 2015 mandate letter to the Minister of NR, directed the Minister to work with the utilities to set timelines to develop and implement net metering programs, and keep the public informed on the progress towards implementation.

- Net metering allows utility customers with small-scale generating facilities to generate power from renewable sources for their own use, as well as feed electricity into the distribution system during periods when they generate excess power and draw power from the grid when their generation does not fully meet their needs.

- On July 28, 2015, the previous Government announced its net metering policy framework to provide guidance for Newfoundland Power (NP) and Newfoundland and Labrador Hydro (NLH) to develop net metering program applications to the Board of Commissioners of Public Utilities (PUB). The PUB’s regulatory review process will allow stakeholders to provide input, and will ensure that the outcomes of the net metering policy are appropriate for all ratepayers.

- Key elements in Government’s net metering policy framework include:
  - Eligibility is limited to small-scale renewable energy sources;
  - The programs are available to domestic (residential) and general service (commercial) customers;
  - Individual renewable generation systems will be limited up to a maximum of 100 kilowatts (kW) and cannot be sized beyond a customer’s load;
  - Meter aggregation is not permitted (only one metering point per account and property);
  - A customer’s net consumption will be billed using retail rates that are consistent with those that apply to a non-net metering customer of the same size, type and location;
  - After each billing period, a customer’s net excess generation will be credited to the customer’s next bill as a kilowatt-hour (kWh) credit;
  - Annually, net excess generation will be settled with a cash payment or bill credit at the retail rates that are used to determine the bill for the customer's net consumption. Whether it is a cash payment or bill credit will be proposed by the utilities and subject to PUB approval; and
  - The program will have a provincial cap of 5,000 kW (i.e. 5 MW).

- This framework reflected the independent guidance the external consultant, Navigant Consulting, provided to Government on standard industry practice for net metering, and was created in consultation with the province’s electric utilities. It also included input from the Newfoundland and Labrador Environmental Industry Association.

Analysis:
- Since the program was announced in July 2015, the Minister of NR and NR officials had multiple discussions with NLH and NP to inquire on the status of net metering, obtain anticipated timelines regarding submission of net metering applications to the PUB and obtain detail on a path forward. For example, on July 5, 2016, the Minister sent a letter to NP expressing concern with the length of time it was taking for utilities to develop a net metering program, and requested that NP work with NLH to finalize its application to the PUB as soon as possible.
• Both utilities indicated to the Minister they were working on other PUB applications, but committed to submit their net metering applications to the PUB by end of 2016.

• NLH and NP submitted their net metering program applications to the PUB on December 2 and 19, 2016.

• Both applications were consistent with Government’s net metering framework with one exception: they both do not use the retail rate for annual settlement as outlined in the framework.

• NLH’s application proposes “the use of a payout rate reflective of system marginal generation costs to apply to net excess generation instead of the use of the retail rate”. NLH’s application proposes this deviation “to limit the risk of subsidization of the net metering program by non-participants and remove any incentive for customers to install generation in excess of their own requirements.”

• NP’s application indicates that annual settlement will not be based on retail rates, but rather the lower, “2nd block energy charge in Newfoundland and Labrador Hydro’s Utility Rate applicable to service provided to the Company [NP].”

• NP indicated to NR officials that its net metering application diverging from the framework’s annual settlement mechanism of paying out at retail rates as this would increase costs for non-net metering customers and thus risk the PUB not approving the application.

• On January 9, 2017, NR contacted the PUB to inquire on its next steps regarding NLH’s and NP’s net metering applications. The PUB staff member indicated that the PUB is currently preparing a public notice for all provincial newspapers, with the first notice being placed in The Telegram on Saturday, January 14, 2017, and remaining newspapers within the following week.

• The PUB’s public notice will request comments on the net metering applications by February 1, 2017. Feedback received through this process will determine the regulatory process that the PUB will follow for these applications. PUB staff indicate the initial review of the applications was positive and anticipates primarily positive feedback from the public. As such, a streamlined and efficient regulatory process is anticipated for these applications.

Action Being Taken:
• NR officials will continue to monitor the PUB’s regulatory review of NLH’s and NP’s net metering applications and will update the Minister accordingly.

• NP has contacted NR officials to meet in mid-January 2017 to discuss various topics including NP’s net metering application.

Prepared/Approved by: C. Boland/C. Snook/W. Parsons
Ministerial Approval: January 9, 2017
Title: Canada Fluorspar (NL) Incorporated Request for Permission to Grant Consent of Security Interest over Mineral Licences, Mining Leases, and Surface Leases

Decision/Direction Required:
- Consent from the Minister of Natural Resources to allow Canada Fluorspar (NL) Incorporated (CFI) to grant Bridging Finance Incorporated (an agent for Sprott Bridging Income Fund LP) a security interest over CFI's mineral licences, mining leases, and surface leases, which comprise the St. Lawrence Fluorspar Project.

Background and Current Status:
- CFI is the holder of several mineral licences, mining leases, and surface leases issued under the Mineral Act (the Act) in the St. Lawrence area on the Burin Peninsula. These mineral tenure authorizations comprise CFI's St. Lawrence Fluorspar Project (the Project).
- CFI was granted approval under the Mining Act for early construction activities (grading mill area, construction of mill building) to allow the Project to remain on schedule while their overall development plan and rehabilitation and closure plan were being reviewed. Financial assurance is in place for the early-stage work in the amount of S.35(1)(b).
- Construction of the Project is ongoing and slightly ahead of schedule.
- NR has reviewed the development plan and rehabilitation and closure plan for the Project and will be in a position to make a recommendation to the Minister with respect to its approval once discussions on financial assurance have been finalized.
- Section 24(1) of the Act allows the transfer, assignment, mortgage, pledge, or conveyance of a mineral licence with written approval of the Minister and the document is filed for registration under Section 6 of the Act.
- Section 24(2) of the Act indicates the Minister may withhold approval if the requirements of Section 21(2.1) of the Act have not been met.
- Under Section 31(5)(d) of the Act, the Minister may consent to assignment of a mining lease if the lessee is in full compliance with the terms of the lease; however, such consent shall not unreasonably be withheld.
- Schedule C of all surface leases issued by the Minister contains a condition that prevents the surface lease from being used as security, unless the surface lease is transferred in its entirety to the party providing the security.
- Schedule C of the surface leases requires 60-days' notice be given to the Crown.
- Legal counsel for CFI, Cox and Palmer, wrote NR on January 13, 2017 requesting the Minister provide consent to CFI to grant security interest over the CFI mineral licences, mining leases, and surface leases listed in the attached consent form.

- Bridging Finance Incorporated (an agent for Sprott Bridging Income Fund LP) is an affiliate of Sprott Asset Management, which is an asset management company offering a wide variety of investment solutions to Canadian and international investors.

Analysis:
- All mineral licences, mining leases, and surface leases held by CFI are considered to be in good standing.

- An official of the Department of Justice and Public Safety has reviewed the consent request provided by Cox and Palmer. It was noted that the request is consistent with the Act and Schedule C of the surface leases.

- Although Schedule C of the surface leases requires 60-days' notice be given to the Crown, the proposed granting of a security deposit over CFI's mineral licences, mining leases, and surface leases can occur any time once consent is granted.

- The approval of the Minister is required to initiate the process of granting security interest of CFI's mineral licences, mining leases, and surface leases.

- Prior written consent is not required to transfer a mining lease. The minister normally only consents to the transfer of a mining lease once a transfer document is received. However, there is nothing in the Act preventing the Minister from granting prior approval.

- Any transfer or assignment of leases does not alter the expiration date of the leases that existed prior to the transfer or assignment.

- Cox and Palmer indicated that the proposed transaction date is January 31, 2017, which provides only 18 days from the request date for the Minister to grant consent to CFI. A consent form for the Minister's signature is attached.

Alternatives:

Prepared/Approved by: J. Lake / A. Smith / K. Sheppard
Ministerial Approval: Received from Hon.

January 17, 2017
Title: Newfoundland and Labrador Hydraulic Fracturing Review Panel Report – Unconventional Opportunities and Challenges

Issue: A request by the Minister for an update on the progress of the internal review.

Background and Current Status:
- On November 4, 2013, NL announced it would not accept any applications for petroleum exploration using hydraulic fracturing. On October 10, 2014, Government announced the appointment of a Panel to undertake an independent review of hydraulic fracturing in western Newfoundland. The Panel was provided with a terms of reference and the work completed as part of the internal review that was conducted. The Panel was comprised of Dr. Ray Gosine (Chair), Dr. Graham Gagnon, Dr. Maurice Dusseauault, Dr. Wade Locke and Dr. Kevin Keough representing the fields of environment, engineering and geology, economics and public health.
- The Panel completed its report in a three volume set consisting of an Executive Summary containing 85 recommendations; a Final Report; and, Appendices containing the Panel Members and Subject Matter Experts detailed reports on the various topics considered.
- The Report contained a Primary Recommendation to continue a 'pause' on hydraulic fracturing until certain recommendations are implemented. Government accepted this recommendation.

Analysis:
- There are 85 Supplementary Recommendations to advise the Minister about the actions to be taken if further consideration is to be given to permitting unconventional oil and gas exploration and development. These recommendations are sub-divided into six headings related to Public Policy, Planning and Science Considerations; Socio-Economic Considerations; Environmental Considerations; Health Considerations; Regulatory Considerations; and, Other Scientific and Technical. Each heading contains a number of recommendations.
- In presenting these recommendations, the Panel developed a colour-coded format (red, yellow and green) to indicate the stage at which the recommendations should be implemented. The 17 red stage recommendations, which are primarily related to public policy and processes, must be implemented before lifting the pause on accepting applications. A summary of these recommendations is attached. If a decision is made to proceed to the yellow stage, the recommendations will relate to more site-specific considerations and actions and will allow for the acceptance of applications from proponents. If a decision is made to proceed to the green stage, these recommendations will describe operational processes and practices that must be implemented before industrial activities commence. Certain of the recommendations have decision-gates designated by a question mark. Recommendations that include decision-gates could lead to a determination that a 'pause' in accepting applications involving hydraulic fracturing remain in effect.
- In response to the Panel's Report, the Minister assembled a Review Team to assess and analyze the recommendations, document the gaps and deficiencies identified and prepare a
way forward to determine an appropriate course of action respecting hydraulic fracturing in the NL context. Resources within Natural Resources from regulatory affairs, economics, policy and petroleum resource development were tasked to report to the Minister on its research and findings. Since the Panel had recommended that the red stage recommendations must first be implemented before lifting the ‘pause’ on hydraulic fracturing, the initial focus has been on reviewing these recommendations.

Action Being Taken:
- The Review Team has been meeting bi-weekly to coordinate and assess the red code recommendations. Certain of these recommendations require input and analysis from other government departments, most notably Environment and Climate Change, Health and Community Services, Municipal Affairs, Justice and Public Safety.

Prepared/Approved by: F. Allen, W. Foote/
Ministerial Approval: Received from Hon.

January 23, 2017
Newfoundland and Labrador Hydraulic Fracturing Review Panel

Public Policy, Planning & Science Considerations

Provincial and Regional Planning
- **Update the Regional Economic Development Plans (PR1)*** – Update or develop economic development plans for regions that might be affected by unconventional oil and gas development and determine whether such development is consistent with the economic development priorities for specific regions.
- **Update the Provincial Energy Plan (PR2)*** – Review and update the provincial energy plan to consider and articulate the role, if any, that unconventional oil and gas development will have among priorities related to energy developments in the province.

Climate Change
- **Evaluate the GHG Emissions Associated with Development (PR4)*** – Engage the Office of Climate Change and Energy Efficiency to undertake a complete well-through-use assessment of the GHG emissions associated with unconventional oil and gas development.

Gros Morne National Park and UNESCO World Heritage
- **Confirm a Ban on Hydraulic Fracturing Operations in Gros Morne National Park (PR6)** – Confirm a ban on hydraulic fracturing operations in the Park including surface operations within the Park boundaries and operations under the Park.
- **Establish a Buffer Zone around Gros Morne National Park (PR7)** – Establish a buffer zone around the Park, including both onshore and offshore areas.

Understanding the Geology
- **Undertake a Modern Geoscience Study of the Green Point Shale (PR8)*** – Initiate a geoscience program to collect the modern seismic and stratigraphic well data necessary to increase knowledge of the Green Point Shale.
- **Enhance Seismograph Network Coverage for Western Newfoundland (PR10)** – Enhance the seismograph network coverage in Western Newfoundland to improve monitoring capabilities for baseline seismicity.
- **Carry Out Baseline Seismicity Monitoring (PR11)*** – Collect and analyze at least two years of baseline seismicity data from an enhanced seismograph network prior to development.

Socio-Economic Considerations

Community Engagement
- **Develop a Program of Public Education About the Benefits, Risks, and Scale of Development (PR15)** – Develop an ongoing program of public education with a focus on benefits, risks and scale of unconventional oil and gas operations.
- **Assess the Support for Public Investments Required to Understand and Mitigate Key Risks (PR16)*** – Develop a process to determine whether there is sufficient public support to proceed with the public investment to undertake the work necessary to understand and mitigate outstanding key risks.
- **Review and Adopt Best Practices in Community Engagement (PR18)** – Review and adopt best practices in community engagement, supported by independent assessments and review to ensure that evidence-based decisions are made at key future decision points.

Environmental Considerations
Coastal Change and Erosion

- **Undertake a Study of Coastal Change near Potential Infrastructure Sites (PR38)** - Undertake a comprehensive study of coastal change at sites around Port au Port Bay, and other coastal areas, where temporary and permanent infrastructure associated with unconventional oil and gas development may be located.

Health Considerations

**Health Impact Assessment**

- **Complete Health Impact Assessments (PR44)*** - Undertake an independent Health Impact Assessment of any proposed unconventional oil and gas development in Western Newfoundland. The assessment should be for the local region involved in a potential development and must involve representatives of local residents, industry, government, together with appropriate experts. Government should provide financially for the assessment and provide access to content experts, but it should not perform or lead the assessment.

Regulatory Considerations

**Regulatory Oversight**

- **Require Licenced Professionals and Companies for all Engineering and Geoscience Work (PR61)** - Require that all future engineering and geoscience work be carried out by individuals and companies that are licenced to practice and operate in Newfoundland and Labrador.

**Regulatory Jurisdiction**

- **Establish a Single Regulator (PR76)** - Establish a single regulator for unconventional oil and gas development, including onshore-to-offshore operations, in Newfoundland and Labrador.

**Financial Security**

- **Assess the Potential Impacts of Spills or other Incidents (PR79)*** - Undertake a thorough assessment of the potential damage that could result from spills, leaks, or other incidents in Port au Port, or in any other offshore areas that may be affected by development.

Other Scientific & Technical Considerations

**Well Integrity**

- **Participate in Research Activities Related to Well Integrity (PR84)** - The province should actively participate in regional, national and international research efforts to increase long term well integrity through advances in well construction, monitoring and remediation techniques and technologies.

*Decision-gate recommendations. The implementation of recommendations that include decision-gates could lead to a determination that, from a public policy, public health and safety, environmental, socio-economic, or fiscal perspective, the ‘pause’ in accepting applications involving hydraulic fracturing in Western Newfoundland should remain in effect.
Title: Ramea Wind-Hydrogen-Diesel Project

Issue: To update the Minister on the status of the Ramea Wind-Hydrogen-Diesel Project.

Background and Current Status:
- Newfoundland and Labrador Hydro (NLH) provides electricity service to the off-grid community of Ramea using a hybrid diesel-wind-hydrogen system.

- In 2004, NLH entered into a Power Purchase Agreement (PPA) with Frontier Power Systems (Frontier) to operate a 390 kilowatt (kW) wind farm in Ramea to reduce NLH's diesel usage.

- In 2009, NLH parent company Nalcor Energy began constructing the Ramea diesel-wind hydrogen research and development project to store and later use excess wind energy when available by using a hydrogen production, storage and generation system.

- Nalcor sought to develop and prove the technology and associated energy control system for use in its other remote diesel systems and then export the technology.

- Under the project, Nalcor added three more wind turbines to generate electricity during high load periods. When wind generation exceeds community load, the project was designed to use the surplus to power a hydrogen electrolyzer to create and store hydrogen until needed, when it would be used as fuel in a hydrogen generator.

- Phase I of the Project was completed in 2012 and integrated existing diesel generators in Ramea with wind turbines and hydrogen equipment through Nalcor’s proprietary Energy Management System (EMS), which automatically dispatches the different generation sources in a manner that maximizes renewable energy generation.

Analysis:
- Total costs associated with Phase I of the project were $11.82 million (M). Phase I project contribution partners included: Nalcor ($3.97M), Atlantic Canada Opportunities Agency (ACOA) ($3M), Natural Resources Canada (in-kind contribution of a $350K hydrogen generation set), and the Government of NL ($4.5M). Project collaborators included Memorial University, University of New Brunswick, and Frontier.

- Project equipment for Phase I included three 100 kW wind turbines, a hydrogen electrolyzer, a hydrogen generation set (genset), three hydrogen storage tanks and associated piping and Nalcor’s EMS. This is in addition to NLH’s existing diesel units and Frontier’s six wind turbines.

- Nalcor has indicated that the EMS has the potential to be a viable energy solution for remote communities across Canada and around the world. All intellectual property associated with the EMS is owned by Nalcor and initial patent work is underway.

- In Phase I, the hydrogen genset NRCan contributed to the project did not effectively convert the stored wind-generated hydrogen back into electricity despite Nalcor’s efforts to repair
and maintain the unit. In 2012, Nalcor submitted a proposal to ACOA through the Atlantic Innovation Fund to replace the genset with hydrogen fuel cell equipment and to optimize current operations.

- In 2013, ACOA approved Phase II of the approximately $4M project, committing 55.5 per cent of the total eligible project costs up to $2.3M, and Nalcor providing the remaining funds.

- Phase II was to take five years, beginning in 2014. However, due to the 2014 province-wide power outages, Nalcor’s reallocation of resources postponed the project until Q3 2015.

- In 2016, Nalcor issued a tender for the 100 kW hydrogen-based fuel cell equipment.

- Since his appointment as CEO of Nalcor, Stan Marshall has been assessing the company’s operations to place greater emphasis on its priorities.

Action Being Taken:

- 

Prepared / Approved by: C. Boland/C. Snook/W. Parsons
Ministerial Approval:

February 1, 2017
Meeting Note
Department of Natural Resources
Statoil
January 27, 2017
8:00 am
Minister’s Boardroom

Attendees:
Statoil:
Paul Fulton, President, Statoil Canada
Gisle Stjern, Vice President, Statoil, Offshore Canada
Alex Collins, Communications Lead, Statoil Canada
See Attachment 1 for biographies.

NL Attendees:
Minister Siobhan Coady
Gordon McIntosh, DM
Wes Foote, ADM Petroleum Development
Greg Mercer, Chief of Staff, Office of the Premier

Purpose of Meeting:
The following items have been highlighted for discussion: 1) update and discuss Bay du Nord and 2) update and discuss Statoil exploration program for the NL Offshore.

Background:
• Statoil is an international integrated energy company headquartered in Norway that was formed in 1972 as the Norwegian State Oil Company. In 2007, Statoil merged with the oil and gas division of Norsk Hydro following approval by the Norwegian Parliament. Statoil is now a publicly traded company with the Norwegian State as the largest shareholder in Statoil at 67%. The new company originally operated as StatoilHydro but reverted to Statoil in 2009.
• Statoil's business operations include upstream exploration and production, natural gas, procurement, pipelines, production facilities, renewable energy, trading and retail. Statoil has approximately 21,600 employees worldwide with interests in 36 countries.
• Statoil Canada has offices in Calgary and St. John's as well as a heavy oil technology centre in Calgary. Statoil’s Canadian interests include:
  o Newfoundland and Labrador Offshore: Working interest partner in the Hibernia, Hibernia Southern Extension, Hebron and Terra Nova projects and have previously stated a goal of becoming an operator in the NL offshore. Statoil has been active in NL offshore since 1996, when predecessor Norsk Hydro acquired shares in a land swap with Petro Canada in 1996/97 (later transferred to Statoil with the merger in 2007). Statoil has interests in various other significant discovery and exploration licences in the NL offshore. Cumulative since November 1997 (Hibernia startup) to November 30, 2016, Statoil (and predecessor Norsk Hydro) has paid $1,388,670,221 in total royalties to NL. See Agenda Items and Attachment 2 for further information on Statoil's interests in the NL offshore.  
  o Nova Scotia Offshore: Statoil was awarded two land parcels in the Nova Scotia offshore (180 km south of Yarmouth) from the Canada-Nova Scotia Offshore Petroleum Board’s 2015 call for bids. Statoil’s total work commitment is $82 million. On December 14, 2016, Statoil announced that it had agreed to sell its 100% owned Kai Kos Dehseh oil sands projects in Alberta to Athabasca Oil Corporation. The total consideration to Statoil is up to C$832 million, including a cash consideration of C$435 million and C$147 million in the form of 100 million common shares in Athabasca. The effective date of the transaction is
January 1, 2017 with closing subject to certain conditions precedent, including regulatory approvals. Statoil indicated that this action corresponds with its “strategy of portfolio optimization to enhance financial flexibility and focus capital on core activities globally, including offshore Newfoundland, Canada.”

- A summary of Statoil’s recent financial and operational results are included in Attachment 3.

**Agenda Item #1 – Bay du Nord Update**

- Statoil, with partner Husky Energy, previously made three discoveries in the Flemish Pass including Bay du Nord (300-600 million barrels discovered in 2013); Mizzen (102 million barrels discovered in 2009); Harpoon (discovered in 2013) which is still under evaluation.

- On June 10, 2016, Statoil issued a news release commenting on the results of Flemish Pass drilling program over the previous nineteen months. Statoil reported two additional oil discoveries at the Bay de Verde and Baccalieu prospects both which add to the resource base for a potential development at the Bay du Nord discovery. The release indicated that the drilling program served to reduce key reservoir uncertainties and confirmed the volumes are within the original discovered resource estimate of between 300-600 million barrels recoverable, but potentially towards the lower end of the range.

- The Province responded with its own news release focusing on the discovery at Baccalieu which occurred on an exploration licence issued in January 2016 and was in younger sandstones than previous discoveries in the Flemish region.

**Analysis:**
Agenda Item #2 – Statoil Exploration Program Update for the NL Offshore

- Along with the Flemish Pass discoveries noted above, Statoil also holds a significant land position across several exploration licenses (and with various partners) in the area of these discoveries in the Flemish Pass Basin. The total work commitment of Statoil and its partners across these licences is $1.96 billion with Statoil's share at approximately $0.96 billion.
- Attachment 2 includes a summary of Statoil land holdings in the NL offshore as well as maps of Flemish Pass licence locations.

Analysis:

- In the 2015 Call for Bids, Statoil and its working interest partners were the successful bidders on six of the seven parcels that were awarded, committing $944 million (Statoil's share at approximately $601 million) in exploration expenditures during the six year Period I of the licence. Statoil’s bid share represents approximately 50% of the total spending commitments from the land sale.

- With its various partners, Statoil holds six additional exploration licences in the Flemish Pass region acquired in various licencing rounds prior to 2015. The work commitment is approximately $1 billion (Statoil share approximately $362 million). This group includes one licence, EL1135, with a work commitment of $559 million (Statoil share of $168 million which was acquired in a transaction with ConocoPhillips Canada). This collection of exploration licences, along with the
Mizzen significant discovery licence, represents a substantial position and work commitment for Statoil in this offshore region.

- Statoil (65%) and Husky Energy (35%) are the interest holders in the Flemish Pass Bay du Nord prospect. In the area of the original Bay du Nord C-78 discovery well and sidetrack, the companies utilized the West Hercules semisubmersible drilling rig to complete appraisal drilling at two other locations, including sidetracks (Bay de Verde F-67 and Bay du Nord L-76). The L-76Z well, a sidetrack from the L-76 was flow tested but no well results have been announced. Another well, P-78, was drilled to the surface casing setting point and suspended. These activities were completed in September 2015.

- As noted in Agenda Item 1 above, Statoil issued a news release in June 2016 commenting on the results of their Flemish Pass nineteen month drilling program including two additional oil discoveries at the Bay de Verde and Baccalieu prospects. Statoil and Husky continue to evaluate the drilling results and assess the commercial potential.

- In addition, geoscience contractor Electromagnetic Geoservices ASA, reported that it entered into a data licensing agreement with a major international oil company for the provision of 3D electromagnetic data from the multi-client data library over the Flemish Pass Basin worth a total of US$3.9 million.

- The C-NLOPB authorized WesternGeco to conduct a 3D seismic survey in 2016 in the Flemish Pass Basin, offshore Newfoundland and Labrador. The principal contractor was WesternGeco Canada using the vessel Amazon Conqueror. As well, Multi Klient Invest, with Nalcor as a partner, conducted a 3D program in 2016 in the Eastern Flemish region using the vessel Ramform Sterling.

- On August 19, 2016 Statoil registered a project with the Canadian Environmental Assessment Agency (CEAA) proposing to conduct an exploration drilling program within offshore exploration licenses located in the Flemish Pass Basin. The project would take place over a 10 year period, commencing in 2018 and would allow Statoil and partners to determine the presence, nature and quantities of the potential hydrocarbon resource.
  - Statoil on behalf of its partners is proposing to undertake the exploration drilling program on current and potential licences operated by Statoil in the Flemish Pass area. The program is aimed at defining and drilling for potential oil and gas resources on current or potential Statoil-held land holdings.
  - This program includes the drilling and abandonment of exploration wells using mobile offshore drilling units (MODUs) or drill ships. It is estimated that over the course of 10 years that up to 10 wells could be drilled.
  - Statoil submitted a Project Description for its 10 year exploration program to address the information requirements pursuant to the Canadian Environmental Assessment Act, 2012 (CEAA 2012) and its regulations, as well as requirements under the Accord Acts. CEAA’s review determined that an environmental assessment review was required and that process is ongoing.
Attachment 1 – Biographies

Paul Fulton
President, Statoil Canada

Paul Fulton was appointed as President of Statoil Canada in September 2015. In this capacity, he is responsible for the company’s Canadian based activities, including assets offshore Newfoundland & Labrador.

Mr. Fulton, a lawyer, has 16 years of international finance and energy sector experience, including a secondment in Laos as head counsel for the country’s largest hydropower development, funded by the World Bank.

Since joining Statoil in 2005, Mr. Fulton has held several leadership positions. He led the company’s global construction, drilling and technology portfolio out of Norway and worked on various business transactions for Statoil operator positions in Brazil, Tanzania, and the UK, including negotiations for Statoil’s first offshore wind farm. From 2012 to 2014, he led Sub-Saharan Africa and South America, and most recently he transitioned from the legal group to Project Director for the development of Statoil’s Tanzania gas assets.

Mr. Fulton has a degree in Developmental Biology and a Masters in Law, and belongs to the Law Society of England and Wales.

Gisle Stjern, Ph.D
Vice President, Statoil, Offshore Canada

Mr. Stjern has more than 25 years’ experience within the global energy industry, including oil and gas and mining. As of June 1, 2014, he assumed the role of Vice President, Offshore Canada with Statoil Canada. In this role, Mr. Stjern’s focus is to maximize the value of the Canadian offshore assets and to further develop and implement the long-term strategy for offshore Newfoundland and Labrador.

Statoil began further exploration activities around mid-2014 in the Flemish Pass Basin. Offshore Newfoundland is a core exploration area for Statoil, and to date, the company has made various discoveries in the Flemish Pass Basin: Mizzen in 2009, Harpoon and Bay du Nord in 2013, and Bay de Verde and Baccalieu in 2016 with Bay du Nord being the world’s largest oil discovery made in 2013. Statoil’s operations offshore Newfoundland are also focused on the company’s interests in partner-operated producing fields Hibernia and Terra Nova, as well as the Hibernia tie ins and Hebron field development projects.

Prior to joining the Statoil office in St. John’s, Mr. Stjern has worked with the company for the last 15 years. He has experience around the world in Norway, Australia, Sri Lanka, Pakistan, Tanzania, USA and Angola. Before his appointment in St. John’s, Mr. Stjern spent five years as a vice president in Statoil’s Technology Projects and Drilling business area. He holds a Master of Science degree in engineering and a Doctorate of Philosophy in rock mechanics from the Norwegian Institute of Science and Technology. Mr. Stjern is a member of the Society of Petroleum Engineers.
Alex Collins, M.PR
Communications Lead, Statoil Canada

Alex Collins has been a part of Statoil’s corporate communications team for the past three years. In her role as Communications Lead for Statoil’s Offshore Canada activities, including Exploration and Operations, she manages strategic communications, as well as government and stakeholder relations.

Prior to joining Statoil, Alex worked in a variety of oil and gas and government-related capacities in communications, including with Nalcor Energy, the Regional Municipality of Wood Buffalo and the Alberta Energy Regulator. Alex started her career as a journalist, focused on energy and business.

Alex holds a bachelor’s degree from Royal Roads University, a master’s degree in Public Relations from Mount Saint Vincent University, and a diploma from Lethbridge College. She lives in St. John’s with her spouse and daughter.
Attachment 2 – Statoil Interests in NL Offshore

Statoil Land Holdings and Working Interests in NL Offshore:

<table>
<thead>
<tr>
<th>Project/Prospect</th>
<th>Working Interest</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hibernia - PL 1001</td>
<td>5.0%</td>
<td>Jeanne d'Arc Basin</td>
</tr>
<tr>
<td>Hibernia South - Unitized</td>
<td>10.536%</td>
<td>Jeanne d'Arc Basin</td>
</tr>
<tr>
<td>Terra Nova - PL 1002, PL 1003, PL 1004</td>
<td>15.0%</td>
<td>Jeanne d'Arc Basin</td>
</tr>
<tr>
<td>Hebron - Various SDLs</td>
<td>9.015%</td>
<td>Jeanne d'Arc Basin</td>
</tr>
<tr>
<td>Flemish Pass Basin Discoveries: Mizen (SDL1047, SDL1048); Bay du Nord (EL1112); Harpoon (EL1112, EL1124); Bay de Verde (EL1112); Baccalieu (EL1112)</td>
<td>65.0% (Statoil is the Operator)</td>
<td>Flemish Pass Basin</td>
</tr>
<tr>
<td>Various interests in several other ELs and SDLs</td>
<td></td>
<td>Jeanne d'Arc Basin &amp; Flemish Pass Basin</td>
</tr>
</tbody>
</table>

1. PL - production licence; SDL - significant discovery licence; EL - exploration licence.

Statoil Land Holdings/Interests in the Flemish Pass Basin:

<table>
<thead>
<tr>
<th>Licence</th>
<th>Call for Bids Year</th>
<th>Interest Holders</th>
<th>Effective Date/ Term</th>
<th>Total Bid (Million $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 1112</td>
<td>2008</td>
<td>Statoil Canada Ltd. (65%) Husky Oil Operations Ltd (35%)</td>
<td>Jan. 15, 2009 9 years</td>
<td>$18.72</td>
</tr>
<tr>
<td>EL 1123 (A &amp; B)</td>
<td>2010</td>
<td>Statoil Canada Ltd. ExxonMobil Canada Ltd. Anadarko</td>
<td>Jan. 15, 2011 9 years</td>
<td>$75.15</td>
</tr>
<tr>
<td>EL 1124</td>
<td>2010</td>
<td>Statoil Canada Ltd. Husky Oil Operations Ltd (35%)</td>
<td>Jan. 15, 2009 9 years</td>
<td>$20.05</td>
</tr>
<tr>
<td>EL 1125</td>
<td>2011</td>
<td>Statoil Canada Ltd. (40%) Chevron Canada Ltd. (40%) BP Canada Energy Group ULC (10%) Anadarko (10%)</td>
<td>Jan. 15, 2012 6 years</td>
<td>$202.17</td>
</tr>
<tr>
<td>EL 1126</td>
<td>2011</td>
<td>Statoil Canada Ltd. (40%) Chevron Canada Ltd. (40%) BP Canada Energy Group ULC (10%) Anadarko (10%)</td>
<td>01/15/2012 6 years</td>
<td>$145.60</td>
</tr>
<tr>
<td>EL 1135</td>
<td>2013</td>
<td>ExxonMobil Canada Ltd. (40%) Statoil Canada Ltd. (30%) Suncor (30%)</td>
<td>Jan. 15, 2015 9 years</td>
<td>$559.00</td>
</tr>
<tr>
<td>EL 1138</td>
<td>2015</td>
<td>Chevron Canada Ltd. (35%) Statoil Canada Ltd. (35%) Anadarko (30%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$43.18</td>
</tr>
<tr>
<td>EL 1139</td>
<td>2015</td>
<td>Statoil Canada Ltd. (40%) ExxonMobil Canada Ltd. (35%) Anadarko (25%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$11.03</td>
</tr>
<tr>
<td>EL 1140</td>
<td>2015</td>
<td>Statoil Canada Ltd. (34%) ExxonMobil Canada Ltd. (33%) BP Canada Energy Group ULC (33%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$225.16</td>
</tr>
<tr>
<td>EL 1141</td>
<td>2015</td>
<td>Statoil Canada Ltd. (34%) ExxonMobil Canada Ltd. (33%) BP Canada Energy Group ULC (33%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$206.26</td>
</tr>
<tr>
<td>EL 1142</td>
<td>2015</td>
<td>Statoil Canada Ltd. (34%) ExxonMobil Canada Ltd. (33%) BP Canada Energy Group ULC (33%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$35.14</td>
</tr>
<tr>
<td>EL 1143</td>
<td>2015</td>
<td>Statoil Canada Ltd. (100%)</td>
<td>Jan. 15, 2016 9 years</td>
<td>$423.19</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>$1,964.65</td>
</tr>
<tr>
<td>Project</td>
<td>Total Project (to Nov. 30, 2016)</td>
<td>Statoil (to Nov. 30, 2016)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>---------------------------------------------</td>
<td>----------------------------------</td>
<td>----------------------------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hibernia - PL1001 (from Nov 1997)</td>
<td>$9,984.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hibernia South - PL1005/EL1093 (from June 2011)</td>
<td>$34.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terra Nova (from Feb 2002)</td>
<td>$5,752.0</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$15,770.0</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

1. Cumulative royalties include preliminary data that is subject to revision.
Potential copyright material

If you wish to obtain a copy please contact the ATIPP Office at (709) 729-7072 or atippoffice@gov.nl.ca.
Map 2 – Flemish Pass and Environs Well Locations
Attachment 3 – Statoil Financial & Operational Indicators

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue1</td>
<td>Million US$</td>
<td>$12,106</td>
<td>$13,614</td>
<td>$33,117</td>
</tr>
<tr>
<td>Net Earnings/Income</td>
<td>Million US$</td>
<td>$(427)</td>
<td>$(343)</td>
<td>$(117)</td>
</tr>
<tr>
<td>Basic Earnings per Share</td>
<td>US$</td>
<td>$(0.14)</td>
<td>$(0.11)</td>
<td>$(0.04)</td>
</tr>
<tr>
<td>Cash flow from Operations</td>
<td>Million US$</td>
<td>$3,656</td>
<td>$5,132</td>
<td>$7,007</td>
</tr>
<tr>
<td>Total Assets2</td>
<td>Million US$</td>
<td>$113,587</td>
<td>$115,760</td>
<td>Same as</td>
</tr>
<tr>
<td>Total Liabilities2</td>
<td>Million US$</td>
<td>$73,502</td>
<td>$73,692</td>
<td>Q2</td>
</tr>
<tr>
<td>Total Shareholders’ Equity2</td>
<td>Million US$</td>
<td>$40,086</td>
<td>$42,086</td>
<td></td>
</tr>
<tr>
<td>Capital Expenditure &amp; Investment</td>
<td>Million US$</td>
<td>$2,656</td>
<td>$3,978</td>
<td>$8,372</td>
</tr>
<tr>
<td>Exploration Expenditure3</td>
<td>Million US$</td>
<td>$581</td>
<td>$412</td>
<td>$1,284</td>
</tr>
<tr>
<td>Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upstream Production4</td>
<td>1000 boe/day</td>
<td>1,805</td>
<td>1,909</td>
<td>1,939</td>
</tr>
</tbody>
</table>

1. Total revenues and other income.
2. As at end of the quarter.
3. Includes Development and Production Norway and Development and Production International exploration expenditures, expensed, previously capitalized exploration expenditure, capitalized share of current period’s exploration activity, impairments, reversal of impairments and other adjustments.
4. Total equity liquids and gas production.
5. boe represent barrels of oil equivalent.
6. YTD reporting period includes the nine months from January 1 to September 30 inclusive.

NL Discussion:

- Statoil did not discuss any NL items in its Q3 2016 financial/operational release on October 27, 2016. Statoil did discuss the following NL items as part of its Q2 2016 release on July 27, 2016.
  - Statoil was asked for an update on its Canadian offshore exploration program. Statoil stated that the Flemish Pass drilling program was complete and being evaluated. Resources are in the range of 300 to 600 million barrels.
  - Statoil was asked about the 300 to 600 million barrels range as prior to the two new discoveries (Bay de Verde and Baccalieu). Statoil had this range after the Bay du Nord, Mizzent and Harpoon discoveries. Statoil confirmed that they have made two discoveries and were a bit disappointed that there were was not more volumes. The company said that the campaign confirmed the range of resources outlined prior to these discoveries.
  - Statoil said that timeline and concept solutions are being reworked and they are working on further exploration, maturing further field prospects and also looking at lean development solution on the Bay du Nord. A follow-up question was asked if the resources are enough to develop. Statoil said that in terms of a potential final investment decision, that will be based on not only volumes but also lean developments and cost attractiveness.

Financial/Operations Discussion:

- In Q3 2016, Statoil reported a net earnings loss of US$427 million compared to net earnings loss of US$343 million in Q3 2015. This was primarily due to lower liquids prices, lower refinery margins, decreased gas volumes sold and deferral of gas production. Cost reductions as a result of the ongoing cost improvement initiatives partially helped to offset the decrease.
- Statoil reported a lower net loss of US$117 million for YTD 2016 compared to a net loss of US$4,047 million for YTD 2015. This was primarily due to significantly lower net impairment charges and reduced operating costs. This was partially offset by lower liquids and gas prices, reduced gain from sale of assets, and lower refinery margins.
• Statoil lowered its capital expenditure guidance for 2016 from US$12 billion to US$11 billion and its exploration guidance for 2016 from US$1.8 billion to US$1.5 billion. Statoil noted that the reduction is due to three reasons:
  o Efficiencies: Most of the reduction comes from cost reductions and streamlining which Statoil noted is positive.
  o Market Gains: Lower cost operating environment (eg. Lower rig rates)
  o Scheduling: Statoil has realized an optimized schedule which resulted in cost savings.
• Statoil has deferred further capital program updates until its Capital Markets Day in February 2017.
• Statoil’s exploration expenses were US$581 million in Q3 2016 compared to US$412 million in Q3 2015. This difference was mainly due to a higher portion of capitalized expenditures from earlier years being expensed this quarter. Adjusted exploration expenses remained stable for YTD 2016 compared to the same period in 2015. Lower drilling costs were offset by lower capitalization rate of current exploration expenditures and a higher portion of capitalized expenditures from earlier years being expensed in the first nine months of 2016. As of September 30, 2016, Statoil had completed 21 exploration wells globally.
• Statoil equity production in Q3 2016 was lower compared to Q3 2015. The reduction was primarily due to planned maintenance and deferral of gas sales. Excluding these elements and divestments, the underlying production growth was 5% compared to Q3 last year. YTD 2016 equity production was 1,939 mboe/day which was similar to the 1,945 mboe/day for YTD 2015.

Other Discussion:
• In Q3 2016, Statoil entered into an agreement with Petróleo Brasileiro S.A. ("Petrobras") to acquire 66% operated interest in Brazilian offshore licence BM-S-8, Brazil’s highly prolific Santos basin. The total cash consideration for the acquisition is US$2.5 billion.
• In Q2 2016, Statoil entered into an agreement to divest its operated properties in West Virginia to EQT Corporation for US$407 million in cash. The transaction was closed on July 8, 2016 with an immaterial effect on the consolidated statement of income recognized in Q3 2016.

Outlook:
• Statoil intends to continue to mature its large portfolio of exploration assets and estimates a total exploration activity level of around US$1.5 billion for 2016.
• Statoil expects to deliver efficiency improvements with pre-tax cash flow effects of around US$2.5 billion from 2016.
• Statoil’s ambition is to keep the unit of production cost in the top quartile of its peer group.
• For the period 2014 to 2017, organic production growth is expected to come from new projects resulting in around 1% Compound Annual Growth Rate from a 2014 level rebased for divestments.
• The equity production for 2016 is estimated to be somewhat lower than the 2015 level due to Statoil’s value over volume-approach.
• Deferral of production to create future value, gas off-take, timing of new capacity coming on stream and operational regularity represent the most significant risks related to the foregoing production guidance.
Title: Enera’s proposed Atlantic Link

Issue: To summarize Enera’s January 11, 2017 solicitation for energy generation partners for its proposed Atlantic Link and Nalcor Energy’s involvement

Background and Current Status:
- Enera Inc. (Enera) is a Nova Scotia-based company focusing on: electricity generation, transmission and distribution; gas transmission; and utility energy services. It has approximately 3,700 employees in Canada, US and Caribbean and approximately $28 billion in assets and 2015 revenues of $6.3 billion.

- On January 11, 2017 Enera issued a news release stating it expected the Commonwealth of Massachusetts to issue a request for proposals (RFP) for clean energy in early 2017. As such, it was soliciting partners to bundle their clean energy generation with Enera’s transmission on its proposed Atlantic Link for delivery into the ISO-New England market.

- The Atlantic Link will be a 350-mile submarine high-voltage direct current (HVdc) electric transmission line that will deliver 900 megawatts (MW) of clean energy from a new direct current converter station to be constructed at Coleson Cove, New Brunswick, to a new converter station to be constructed at one of two proposed landing sites in Massachusetts.

- Enera indicates that stakeholder and permitting activities for the Atlantic Link are underway. Enera intends the Atlantic Link to be in-service by the end of 2022. The Atlantic Link will be 100% owned by Enera with NB Power holding options to be a minority investor.

Analysis:
Atlantic Link Solicitation Process
- Enera has engaged Power Advisory LLC as an independent administrator of the solicitation process to provide assurance to proponents and the Federal Energy Regulatory Commission (FERC) as to the fairness and transparency of process.

- Power Advisory specializes in electricity market analysis and strategy, power procurement, policy development, regulatory and litigation support, market design and project feasibility assessment. Power Advisory team members have served as independent evaluator/administrator in more than 10 power supply RFPs.

- Until end of day January 20, 2017, interested parties could register on the Atlantic Link Energy Solicitation web site and submit a non-binding Notice of Intention to Submit a Proposal Form to Power Advisory. Upon registration, qualified parties can access information about the energy solicitation including an Atlantic Link project description and the approach to providing access to the New England market for non-emitting generation.

- On January 25, 2017, Power Advisory LLC and Enera hosted a conference for qualified parties to participate in-person in Halifax or online via webinar.

- Until April 12, 2017, Power Advisory LLC will receive proposals from qualified parties willing to offer energy for purposes of establishing a bundled offer into the Massachusetts RFP.
Emera indicates the Atlantic Link proposals will be evaluated and ranked based on the following considerations:
- energy price,
- cost of energy to the Atlantic Link terminus in New Brunswick,
- cost to firm the energy offered,
- maximization of the Atlantic Link’s transmission capability,
- firmness of energy,
- energy source and resource mix,
- proponent’s capacity to deliver the energy offer,
- financial capability and relevant experience,
- proponent’s plans for community engagement and environmental approval plan, and
- the likelihood of successful execution of an Indigenous People’s declaration and plan.