April 6, 2017

Re: Your request for access to information under Part II of the Access to Information and Protection of Privacy Act (File # NR-26-2017)

On March 9, 2017, the Department of Natural Resources received your request for access to the following records/information:

Please provide all briefing notes or information notes given to the Minister or Deputy Minister between Feb 15th and March 8th 2017.

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)(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.
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)(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;

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 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;

Section 39(1)(a)(ii)
The head of a public body may refuse to disclose to an applicant information that would reveal commercial, financial, labour relations, scientific or technical information of a third party

Section 39(1)(b)
The head of a public body may refuse to disclose to an applicant information that is supplied, implicitly or explicitly, in confidence, and

Section 39(1)(c)(i)
The head of a public body may refuse to disclose to an applicant information the disclosure of which could reasonably be expected to harm significantly the competitive position or interfere significantly with the negotiating position of the third party
Section 39(1)(c)(ii)
The head of a public body may refuse to disclose to an applicant information the disclosure of which could reasonably be expected to result in similar information no longer being supplied to the public body when it is in the public interest that similar information continue to be supplied.

Section 39(1)(c)(iv)
The head of a public body may refuse to disclose to an applicant information the disclosure of which could reasonably be expected to reveal information supplied to, or the report of, an arbitrator, mediator, labour relations officer or other person or body appointed to resolve or inquire into a labour relations dispute.

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.

We note that:
- the entirety of page 2 of Note 1 (Newfoundland Transshipment Limited) has been redacted under Sections 29(1)(a), 35(1)(d), 35(1)(f), 39(1)(a)(ii), 39(1)(b), 39(1)(c)(ii), 39(1)(c)(iv),
- the entirety of page 2 of Note 2 (Funding Requirement for EMMC 2017) has been redacted under Sections 29(1)(a), 34(1)(a)(i), and 34(1)(b),
- the entirety of page 3 of Note 2 has been redacted under Sections 34(1)(a)(i), and 34(1)(b),
- the entirety of page 3 of Note 4 (Canada Fluorspar) has been redacted under Section 35(1)(b),
- the entirety of page 3 of Note 7 (participation in Expert Panel Review) has been redacted under Sections 29(1)(a) and 34(1)(a)(i).

We also note that one additional record was responsive to your request but is still subject to consultation with other public bodies. This record will be provided as soon as possible.

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, please feel free to contact me by telephone at 729-0463 or rhynes@gov.nl.ca.

Sincerely,

[Signature]

Rod Hynes
ATIPP Coordinator
Information Note
Department of Natural Resources

Title: Newfoundland Transshipment Limited (NTL)

Issue: S.35(1)(d)

S.35(1)(f)

Background and Current Status:

- NTL was formed in 1996 to oversee the construction and operation of a marine transshipment facility located in Whiffen Head, Placentia Bay. Construction of the terminal was completed in the fall of 1998 and the operation has been ongoing since that time. NTL is the terminal owner and IMTT-NTL Ltd is the operator on NTL’s behalf.

- First crude shipments were received from the Hibernia field in October 1998, from the Terra Nova field in February 2002 and from the White Rose field in June 2007.

- The terminal is designed to accept crude oil production from the NL offshore fields for transshipment. Crude deliveries from the offshore facilities to the terminal are undertaken by way of a dedicated offshore fleet of four suzemax shuttle vessels. Crude is offloaded through its two main jetties and stored in six tanks with a total of 3.3 million barrels of storage capacity. Crude oil is subsequently loaded onto second leg tankers, not owned by NTL, for shipment to external market destinations. NTL owns and operates two tugs capable of docking, undocking and escorting all tankers at the facility. See Attachment 1 for additional overview of NTL.

Analysis:
Attachment 1 – Newfoundland Transshipment Limited

NTL transships crude oil production from NL’s offshore producing fields. It does so through its two main jetties and storage tanks. Offshore crude is delivered by a dedicated offshore fleet of four suezmax shuttle vessels and transferred to onshore storage tanks. Crude oil is subsequently loaded onto second leg tankers, not owned by NTL, for shipment to external market destinations. NTL owns and operates two tugs capable of docking, undocking and escorting tankers safely to and from the facility. NTL requires all laden tankers visiting the terminal to be escorted by one of its tugs.

Terminal Information:
Jetty:
- Two loading platforms
- Nominal throughput rates: Discharge of 80,000 bbl/hr and loading of 50,000 bbl/hr.
- Tankers up to maximum displacement of 190,000 tonnes
- Three 16” loading arms at each platform

Tank Farm:
- Six crude oil tanks: three insulated and three non-insulated; total storage capacity of 3.3 million barrels.
- Two support utility systems (oily water treatment and fuel storage)

Tanker Information:
Shuttle Tankers:
- Four shuttle tankers operate between NTL and offshore oilfields: MT Heather Knutsen, MT Jasmine Knutsen, MT Mattea and MT Kometik.
- Constructed between 1997 and 2005
- 845,000 to 1,000,000 barrel capacity
- Represents approximately 45% of Terminal traffic

Second Leg Tankers:
- Independently vetted
- Represent approximately 55% of Terminal traffic
- Many make repeat visits to Terminal

Safety Procedures:
- Tug escort program for all laden shuttle and second leg tankers
- Mandatory pilotage in Placentia Bay – pilot boarding station located at Red Island
- Terminal Regulations based on International Safety Guide for Oil Tankers and Terminals (ISGOTT)
- Continuous training
- Vessel Traffic Management System in Placentia Bay operated by Canadian Coast Guard
- Canadian Maritime Agency Limited (CMAL) appointed by all visiting tankers

Tug Information:
- Two purpose-built 38M tugs: Placentia Pride and Placentia Hope
- Built 1997 in Marystown and used to escort and dock/undock shuttle and second leg tankers
- Operated by Canship Ugland Limited
- Firefighting and environmental response capability
Some Programs and Environmental Safeguards:

- Floating internal roofs
- Oily water treatment
- Impermeable containment system - exceeds one million barrel capacity
- Strong Preventative Maintenance Program
  - Continuously updated
  - Based on Original Equipment Manufacturer (OEM) maintenance criteria, as a minimum
  - Strategic “life cycle” capital investment
  - Condition based monitoring of key equipment
- Oil Spill Response
  - Approximately 150m³ spill capacity, containment and clean up equipment on site
  - Scheduled drills that exceed requirements of Transport Canada
  - Response organization capability to 10,000 tonne spill
- Monitoring
  - Discharge water sampling
  - Environmental Effects Monitoring Program
Decision/Direction Note
Department of Natural Resources

Title: Funding Requirement for EMMC 2017

Decision/Direction Required: S. 29(1)(a), S. 34(1)(a)(i), S. 34(1)(b)

Background and Current Status:
- EMMC is an annual gathering of federal, provincial and territorial ministers responsible for energy and mining portfolios where ministers discuss shared priorities for collaborative action to advance energy and mining development across the country. Ministers will meet in St. Andrews-by-the-Sea, New Brunswick, for EMMC 2017.

- In past years, industry has contributed towards EMMC through sponsorship of meals and sessions. The remainder of the cost of EMMC has typically been covered by NRCan and the hosting province. The total cost of EMMC 2017 is expected to be approximately $300,000.

- At the EMMC Deputy Ministers (DMs) meeting held on February 13, 2017 in Toronto, S. 34(1)(a)(i), S. 34(1)(b)

Analysis:

S. 34(1)(a)(i), S. 34(1)(b)

S. 29(1)(a), S. 34(1)(a)(i), S. 34(1)(b)

S. 34(1)(a)(i), S. 34(1)(b)

S. 29(1)(a), S. 34(1)(a)(i), S. 34(1)(b)
Information Note
Department of Natural Resources

Title: Auditor General Review of Ed Martin Severance Benefits

Issue: The report by the Office of the Auditor General regarding a review of severance paid to Mr. Edmund J. Martin, former Chief Executive Officer (CEO) of Nalcor Energy (Nalcor).

Background and Current Status:
• On April 20, 2016, Premier Ball and Minister Coady announced that Ed Martin would be stepping down as CEO of Nalcor Energy effective immediately.

• Upon the cessation of Martin’s employment, he received the following benefits:
  o Salary and bonus for the two-year notice period
  o Pension benefits
  o Payment of the commuted value of the Supplementary Executive Retirement Plan
  o Retirement allowance
  o Estimated performance pay for 2016
  o Vehicle allowance
  o Health benefits
  o Outplacement (i.e. job transition) services

• On May 29, 2016, the Lieutenant-Governor in Council requested that, pursuant to section 16 of the Auditor General Act and in accordance with OC2016-071, the Auditor General (AG) inquire into and report on the appropriateness of the severance benefits received by Martin upon cessation of his employment as CEO.

• The AG report was released on February 20, 2016 and concluded that the severance benefits received by Martin were appropriate. The report is attached.

Analysis:
• In determining the appropriateness of the severance benefits, the AG considered a number of factors including: the Executive Employment Agreement dated effective May 1, 2009; the relationship between Martin and the Province; public commentary; discussions and communications between the Province and Martin; the actions of the Nalcor Board of Directors (Board) relating to the cessation of Martin’s employment; relevant Board meeting minutes; the Settlement Agreement dated April 20, 2016; legal advice related to the cessation of Martin’s employment; documentation received from the Province, Nalcor and others; and interviews with relevant individuals.

• The overarching issue outlined in the AG Report and Findings was determining how Martin’s employment ended. In doing so, the AG looked at whether Martin voluntarily resigned or whether he was terminated without cause.

• As such, the AG considered circumstances surrounding voluntary resignation, which is a consensual termination between employer and employee and further looked at whether the circumstances amounted to “constructive dismissal.”

• According to the AG report, “constructive dismissal occurs when an employer makes substantial changes to an element of the employment relationship or acts in a manner which
is incompatible with continued employment of the employee.” The report further states that “it is necessary to assess whether a reasonable person would understand from the employer’s words and actions that they had terminated the employment relationship.”

- The AG Report outlines that the events which occurred in the months leading up to Martin’s cessation of employment and which culminated in the wording in the Budget speech on April 14, 2016, and subsequent comments to the media by Government officials were tantamount to constructive dismissal. As such, the AG found that as constructive dismissal is dismissal, the severance benefits Martin is entitled to “would be no less than what he would have been entitled to under his Employment Agreement in the event Nalcor had terminated him without just cause.”

- There are several other findings of note in the AG Report:
  - During the days following the April 17, 2016 meeting between the Premier and Martin, no assessment, legal or otherwise, was conducted by provincial officials to consider the potential implications, consequences and obligations arising from Mr. Martin leaving his position as CEO of Nalcor.
  - Prior to the Nalcor Energy Board meeting on April 20, 2016, there was no communication from the Province to the Board regarding the outcome of the April 19, 2016 meeting between the Premier and Mr. Martin which resulted in the termination of Martin’s employment.
  - The only explicit decision made by the Premier at the April 19, 2016 meeting was that he could not provide the public support asked by Martin. This did not, by default, constitute choosing that Martin leave his employment.
  - As the Board understood that an agreement had been reached that Martin would receive his severance package, the Board did not seek a formal legal opinion regarding the circumstances of Martin’s departure.
  - Given the significance of the decision by the Board, the fact that each Board member was resigning, and the absence of clear direction in writing from the Province or formal legal consultation in respect of the circumstances of Martin’s cessation of employment, the Board could have considered deferring the action on April 20, 2016, and allow a new Board to conclude a settlement with Martin.

- The report also outlines:
  - There was no correspondence outlining the justification for the termination.
  - The Minister of Natural Resources requested a copy of Martin’s Employment Agreement in March 2016. It was provided and forwarded to the Premier’s Chief of Staff.
  - Comments from Government representatives during and following the Budget 2016 speech did not indicate support for Martin.

Prepared/Approved by: A. Philpott/W. Parsons
Ministerial Approval: Received from Hon. Siobhan Coady

February 20, 2016
Decision/Direction Note
Department of Natural Resources

Title: Approval / Acceptance of Canada Fluorspar Inc.'s “St. Lawrence Fluorspar Project Mine Development Plan and Mine Rehabilitation and Closure Plan” under sections 6.(2) and 9.(2) of the Mining Act.

Decision/Direction Required:
- It is recommended that the Minister approve Canada Fluorspar's Inc.'s (CFI's) St. Lawrence Fluorspar Project Mine Development Plan under the section 6.(1) of the Mining Act and accept CFI's St. Lawrence Fluorspar Project Mine Rehabilitation and Closure Plan under and 9.(2) of the Mining Act.

- A letter approving CFI’s Development Plan and accepting CFI’s Rehabilitation and Closure Plan along with the proposed financial assurance payment schedule is attached for the Minister’s signature. The letter has been reviewed by the Department’s solicitor.

Background and Current Status:
- On February 17, 2016 CFI submitted the full Development Plan and Rehabilitation and Closure Plan (the Plans) for the St. Lawrence AGS project to NR. Mineral Development staff and the Mining Act Submissions Committee reviewed the Plans and submitted comments to CFI on April 4, 2016 and May 10, 2016 for the Development Plan and Rehabilitation and Closure Plan, respectively.

- On April 5, 2016 CFI submitted an Early Works Mine Development and Rehabilitation Plan (EWP) related to critical path construction work. This EWP was approved by the Minister on April 29, 2016 to allow early development activities to proceed while the full Mining Act plans were under review.

- On July 20, 2016 CFI submitted Addendum 2 - Early Works Mine Development and Rehabilitation Plan for approval under the Mining Act to address the next phase of critical path development required to maintain the project schedule. This plan was approved by the Minister on August 31, 2016.

- Canada Fluorspar submitted revised full Mine Development Plan and full Rehabilitation and Closure Plan for the St. Lawrence AGS project dated October 2016 and October 12, 2016, respectively. Additional information on the Development Plan was received on November 8, 2016 and additional information on the Rehabilitation and Closure Plan was received on December 8, 2016.

- The total closure liability and financial assurance for the project is [redacted]. Financial assurance for the early works plans totaled [redacted] and is in place. CFI’s financial assurance payment schedule, see attached table, is based on the amount of site disturbance. CFI’s bonding, of [redacted] for the first six month period (January – June 2017) has been received.

Analysis:
- The projected mine life, including underground mining, is ten years. The mine is expected to create an average of 190 full-time positions during operation and reach a peak of 340 positions during the construction phase.
• The Development Plan and Rehabilitation and Closure Plan were reviewed by Mineral Development staff and the Mining Act Submissions Committee and are acceptable.

• Payment of financial assurance based on the amount of site disturbance is normal practice and is acceptable as per section 10.3 of the Mining Act.

• A letter approving the Development Plan and accepting the Rehabilitation and Closure Plan is attached for the Minister’s signature. The letter has been reviewed by the Departmental Solicitor.

Alternatives:
• Further development of the mine cannot proceed until CFI’s Development Plan is approved and Rehabilitation and Closure Plan is accepted.

Prepared/Approved by: A. Steel / A. Smith / P. Canning
Ministerial Approval: Received from Hon. Siobhan Coady

February 21, 2017

Attachment
Information Note
Department of Natural Resources

Title: Nalcor Energy 2016 Business and Financial Report

Issue: To summarize for the Minister of Natural Resources Nalcor Energy’s Fourth Quarter 2016 Consolidated Financial Statements and Management’s Discussion and Analysis.

Background and Current Status
- In February 2017, Nalcor Energy (Nalcor) submitted its 2016 Q4 financial report, Management’s Discussion and Analysis, and its 2016 Consolidated Financial Statements. These reports include results for Nalcor, its subsidiaries and its share of investments in joint arrangements.

<table>
<thead>
<tr>
<th>Q4 (three months ending December 31, 2016) and 2016 Nalcor Consolidated Highlights</th>
<th>Three months ended</th>
<th>Twelve months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td>For the period ending December 31</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Revenue (million$)</td>
<td>227.4</td>
<td>218.7</td>
</tr>
<tr>
<td>(Loss) Profit (million$)</td>
<td>62.4</td>
<td>(36.3)</td>
</tr>
<tr>
<td>Capital Expenditures (million$)</td>
<td>838.5</td>
<td>755.8</td>
</tr>
<tr>
<td>Electricity Sales (GWh)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Regulated</td>
<td>2,128</td>
<td>2,202</td>
</tr>
<tr>
<td>Export – Hydro Quebec</td>
<td>7,302</td>
<td>8,099</td>
</tr>
<tr>
<td>Export – Other Markets</td>
<td>378</td>
<td>373</td>
</tr>
<tr>
<td>Oil production (bbl)</td>
<td>732,698</td>
<td>225,499</td>
</tr>
<tr>
<td>As at</td>
<td>December 31, 2016</td>
<td>December 31, 2015</td>
</tr>
<tr>
<td>Total Assets (million$)</td>
<td>14,061.5</td>
<td>12,321.7</td>
</tr>
<tr>
<td>Total Liabilities (million$)</td>
<td>9,450.4</td>
<td>8,516.4</td>
</tr>
<tr>
<td>Shareholder’s Equity (million$)</td>
<td>4,262.7</td>
<td>3,475.3</td>
</tr>
<tr>
<td>Debt to capital</td>
<td>60.7%</td>
<td>64.5%</td>
</tr>
</tbody>
</table>

- For Q4 2016, Nalcor’s revenue totaled $227.4 million and year-to-date it totaled $824.1 million. Nalcor attributes this increased revenue from 2015, primarily to higher oil production, reduced operating costs and higher Canadian Dollar (CAD)/United States Dollar (USD) exchange rate.

- For Q4 2016, Nalcor’s profit was $62.4 million, an increase of $98.7 million from Q4 2015. For 2016, Nalcor’s profit increased $152.3 million from 2015. Nalcor primarily attributed 2016 profit increases to: lower operating costs, primarily due to decreased professional service costs, materials and maintenance costs and salaries and benefits; adjustments to the book value of oil and gas assets due to recovery of oil prices since 2015; increased revenue from increased oil sales due to higher production at Hibernia Southern Extension; the reduction of a claim settlement previously accrued for a higher amount; and favourable decisions by the Board of Commissioners of Public Utilities (PUB).

- Nalcor primarily attributed 2016 capital expenditures increases of $0.4 billion to the Lower Churchill Project and Hydro Regulated.

- Nalcor’s total assets as at December 31, 2016 were $14.1 billion, an increase of $1.8 billion from December 31, 2015. The composition of the company’s assets at December 31, 2016 included property, plant and equipment of $11.4 billion (2015: $3.0 billion), investments and
restricted cash from the proceeds of the Lower Churchill Project (LCP) financing of $1.5 billion (2015: $3.0 billion), and other assets totaling $1.2 billion (2015: $1.0 billion). The change in assets was the result of capital expenditures related to the LCP and NLH Regulated.

- Nalcor’s 2016 debt to capital decreased to 60.7 percent from 64.5 percent in 2015. This was primarily due to increased shareholder contributions and profit.

**Analysis**

- Nalcor’s key profit drivers vary across its seven business segments as there are regulated operations, operations with long-term and medium-term supply contracts, and operations in markets where revenues are driven entirely by oil and electricity prices.

<table>
<thead>
<tr>
<th>Q4 and 2016 Business Segment Financial Highlights</th>
<th>3 months ended</th>
<th>12 months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Period ended December 31</strong>&lt;br&gt;(millions of $)</td>
<td>2016</td>
<td>2015</td>
</tr>
<tr>
<td>Hydro Regulated (Hydro)</td>
<td>21.7</td>
<td>6.6</td>
</tr>
<tr>
<td>Churchill Falls</td>
<td>12.0</td>
<td>14.7</td>
</tr>
<tr>
<td>Oil and Gas</td>
<td>24.9</td>
<td>(54.2)</td>
</tr>
<tr>
<td>Energy Marketing</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Bull Arm Fabrication</td>
<td>5.0</td>
<td>4.1</td>
</tr>
<tr>
<td>Phase 1 Lower Churchill Project</td>
<td>-</td>
<td>(2.8)</td>
</tr>
<tr>
<td>Corporate and Other Activities</td>
<td>(2.2)</td>
<td>(4.8)</td>
</tr>
<tr>
<td>Intersegment</td>
<td>(0.4)</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Profit (loss) for the period</strong></td>
<td>62.4</td>
<td>(36.3)</td>
</tr>
</tbody>
</table>

- The business segment that experienced the highest increase in profit in Q4 and 2016 was Oil and Gas ($79.1 million and $106 million, respectively). This was primarily due to increased higher production at Hibernia Southern Extension.

- Hydro’s profit increased $15.1 million in Q4 2016 from Q4 2015, primarily due to favourable regulatory adjustments (e.g. RSP amortization) and favorable PUB rulings. Hydro’s profit for 2016 increased $44.8 million, primarily due to low fuel costs and reduced operating costs.

- Energy Marketing profit increased $0.9 million from Q4 2015 to Q4 2016 due to higher volumes and average export electricity prices on export market sales and favourable foreign exchange on USD sales. However, NEM’s profit for 2016 reduced $5.0 million, from $22.5 million in 2015 to $17.5 million in 2016, primarily due to lower average export electricity prices and increased transmission rental and market fees.

- Churchill Falls profit decreased $2.7 million, from $14.7 million in Q4 2015, down to $12 million in Q4 2016, due to lower energy sales to Hydro-Quebec. This was primarily associated with a 20 percent decrease in the power rate effective September 1, 2016 as a result of the Renewal Contract. This decrease was partially offset by higher energy sales to Hydro. 2016 Churchill Falls profit also decreased by $3.9 million, due to lower sales to Hydro-Quebec.

**Prepared/approved by:**
R. Chowdhury/C. Boland/C. Snook/W. Parsons

**Ministerial approval:**
Received from Hon. Siobhan Coady

**March 6, 2017**
Meeting Note
Department of Natural Resources
Suncor Energy
Tuesday, February 28, 2017
3:30 pm to 4:30 pm
Premier’s Boardroom, 8th Floor, East Block

Attendees:  Suncor Energy:
Brent Janke, Vice President, East Coast (outgoing)
Steve Hogan, Vice President, East Coast (incoming)
(Biographies included in Attachment 1)

NR:
Premier Dwight Ball
Minister Siobhan Coady

Purpose of Meeting:
• Suncor Energy has indicated that this meeting is intended to introduce Mr. Steve Hogan, the incoming Vice President, East Coast with Suncor Energy, who is replacing Brent Janke on March 6, 2017.

Background:
• Suncor Energy is a Canadian-based energy company established in 1967 and headquartered in Calgary, AB. On August 1, 2009 Suncor Energy and Petro-Canada merged under the Suncor Energy name. The Petro-Canada brand was retained for downstream product distribution and marketing.

• Suncor Energy’s business interests include: oil sands extraction and upgrading in western Canada; North American onshore oil and gas; international and offshore petroleum (North Sea, East Coast Canada, Libya and Syria); downstream operations in Canada and the United States, and, renewable energy and ethanol.  

• In Newfoundland and Labrador, Suncor Energy has a significant presence in the offshore including interest in all currently producing projects/fields: Hibernia, Hibernia South, Terra Nova, White Rose and White Rose Expansion. Suncor is also a partner in the Hebron project. The company also has interest in three exploration licences and 51 significant discovery licences. To the end of December 31 2016 Suncor has paid approximately $485 million in total royalties to Newfoundland and Labrador. See Attachment 2 for a further overview of Suncor’s project/licence interests in Newfoundland and Labrador and royalties.

• Suncor’s latest financial/operational results and 2017 capital guidance is in Attachment 3.

Agenda Item #1 – Introduce the Incoming Vice President, East Coast with Suncor Energy

• Steve Hogan will be assuming the position of Vice President, East Coast with Suncor Energy on March 6, 2017. In that role, Mr. Hogan is responsible for overseeing all of Suncor’s production, development and exploration interests on Canada’s East Coast. Mr. Hogan will be based in St. John’s.
Analysis:

- Brent Janke was appointed as Vice President, East Coast with Suncor Energy in May 2014 and has been based in St. John’s. After March 6, 2017, Mr. Janke will be returning to Western Canada to assume a Vice President’s role in Suncor’s Oil Sands Operations group.

- Some recent and ongoing activities in Newfoundland and Labrador offshore related to Suncor.
  
  o Suncor, and its partners, have been addressing the Terra Nova project including capital investments and drilling that is collectively intended towards sustaining the project life. Suncor has contracted the mobile drilling rig, Transocean Barents, for a 15 month drilling program in offshore areas around the Terra Nova project. The rig is expected to arrive and begin work in 2017.

  o Suncor has been involved in the acquisition of two exploration licences in the Flemish Pass in 2012 and 2013 and one exploration licence in the Carson Basin in 2013. Suncor is a partner with ExxonMobil and Statoil in the exploration licence EL 1135 in the Flemish Pass offshore area with a work commitment of $559 million (Suncor’s share of $167.7 million). See Attachment 2.

  o Suncor and Husky Energy (the operator) have been deferring a final investment decision on the wellhead platform (WHP) development for White Rose and expansion. Husky has indicated that a final decision is expected in 2017 and recent media reports have suggested that the WHP approach, which has been approved by the C-NLOPB, is the likely option.


- Thank Mr. Janke for his and Suncor’s contributions to the province during his leadership tenure in NL. Wish him well on new endeavours with Suncor in Western Canada.

- Welcome Mr. Hogan, a resident of this Province, back to Newfoundland and Labrador. Congratulate him on his latest appointment and that you look forward to working with him and the Suncor Energy team.

Proposed Actions:

- None proposed.

Prepared/Approved by: P. Parsons / L. Sullivan
Ministerial Approval: Received from Hon. Siobhan Coady

February 24, 2017
Attachment 1 – Biographies

Brent Janke
Vice President - East Coast (outgoing)
Suncor Energy

Brent Janke was appointed to the position Vice President of Suncor’s East Coast operations in May 2014 and has been based in St. Johns, NL. He is responsible for all of Suncor’s production, development and exploration on Canada’s East Coast. He has over 20 years of experience in the oil and gas industry, both in Canada and internationally, in a number of leadership positions. Effective March 6, 2017, Mr. Janke is leaving this VP, East Coast position and will be returning to Western Canada to assume a Vice President’s role in Suncor’s Oil Sands Operations group.

Previously, Mr. Janke worked at Imperial Oil in Calgary as the Technical and Development Manager for Mining at the Kearl Oil Sands Operation. He also worked for over 3 years in Nigeria with ExxonMobil as the country’s Maintenance Manager where he was responsible for maintenance operations for over 110 offshore and onshore assets and approximately 1,000 team members. Prior to relocating to Nigeria, Mr. Janke had assignments in Houston, Texas, and was also located in Halifax, NS, where he was the Asset Manager for the Sable Operations, and throughout Mobil Oil’s operations in Western Canada (including Olds, Whitecourt, Drayton Valley, Swift Current and Calgary).

Mr. Janke has extensive experience in Facilities Engineering, Project Management, and Operations and Maintenance management both onshore and offshore operations. He holds both a Bachelors and Master’s degree in Industrial Systems Engineering from the University of Regina. In addition, Mr. Janke holds industry certifications from the Project Management Institute and American Society for Quality as a Project Management Professional (PMP) and a Certified Manager of Quality / Organizational Excellence (CMQ/OE).

Steve Hogan
Vice President - East Coast (incoming)
Suncor Energy

Steve Hogan is Vice President, East Coast for Suncor Energy. This appointment will be effective as of March 6, 2017. In this role, Steve is responsible for all of Suncor’s production, development and exploration on Canada’s East Coast.

With over 18 years in the oil and gas industry, Steve has extensive leadership experience gained through various technical and management roles. He has had broad exposure to numerous assets in a range of geographic locations across Canada, both onshore and offshore, as well as diverse experience in conventional, unconventional and oil sands resources.

In his most recent role as Vice President, In Situ Operations, Steve led Suncor’s In Situ business and was responsible for the safe, reliable operations and financial performance of the company’s In Situ assets located in Northern Alberta. In other roles with the same business, Steve oversaw the operation of Firebag’s surface facilities and also led the MacKay River asset
team. Early in his career, Steve was based in St. John’s, Newfoundland & Labrador as reservoir engineer supporting the Terra Nova Asset Team.

Steve was born and raised in St. John’s and most of his immediate and extended family still resides in the province of Newfoundland & Labrador. He graduated from Memorial University with a Bachelor of Engineering. Steve has been an active member of the Society of Petroleum Engineers, the Canadian Heavy Oil Association and an alumnus of the Governor General’s Canadian Leadership Conference. He has also dedicated himself towards industry and community as a member of numerous Canadian Association of Petroleum Producers committees and United Way campaigns.

A family-oriented person Steve always makes spending time with his wife and two boys a priority.
Attachment 2 – Suncor Energy Land Holdings in Newfoundland and Labrador and Project Royalties

Suncor Energy Land Holdings and Working Interests in Newfoundland and Labrador Offshore:

<table>
<thead>
<tr>
<th>Project/Prospect</th>
<th>Interest</th>
<th>Location</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hibernia PL 1001</td>
<td>20.0%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td></td>
</tr>
<tr>
<td>Hibernia Southern Extension (HSE) PL 1001, PL 1005, PL 1011</td>
<td>19.1315%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td></td>
</tr>
<tr>
<td>Terra Nova PL 1002, PL 1003, PL 1004</td>
<td>37.675%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td>Operator</td>
</tr>
<tr>
<td>White Rose PL1006, PL1007 &amp; PL1010</td>
<td>27.5%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td></td>
</tr>
<tr>
<td>White Rose Expansion Various Licences</td>
<td>26.125%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td></td>
</tr>
<tr>
<td>Hebron Various SDLs</td>
<td>21.034%</td>
<td>Grand Banks Region (Jeanne d’Arc Basin)</td>
<td></td>
</tr>
<tr>
<td>Various interests in other ELs (see table below) and SDLs</td>
<td></td>
<td>Grand Banks Region (Jeanne d’Arc, Flemish Pass, Carson); Labrador Offshore Region</td>
<td></td>
</tr>
</tbody>
</table>

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

Suncor Energy Exploration Licence Parcels from 2012 and 2013 Call for Bids:

<table>
<thead>
<tr>
<th>Licence/Location</th>
<th>Interest Holders</th>
<th>Call for Bids Year</th>
<th>Effective Date</th>
<th>Expiry Date [Period 1]</th>
<th>Bid (Million$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EL 1134/ Flemish Pass</td>
<td>Husky Oil Operations Ltd (65%) Suncor Energy (35%)</td>
<td>2012</td>
<td>01/15/2013</td>
<td>01/15/2022 [01/15/2019]</td>
<td>$19.9</td>
</tr>
<tr>
<td>EL 1135/ Flemish Pass</td>
<td>ExxonMobil Canada Ltd. (40%) Statoil Canada Ltd. (30%) Suncor Energy Offshore Exploration Partnership (30%)</td>
<td>2013</td>
<td>01/15/2015</td>
<td>01/15/2024 [01/15/2021]</td>
<td>$559.0</td>
</tr>
<tr>
<td>EL 1136/ Carson Basin (SE Offshore)</td>
<td>ExxonMobil Canada Ltd. (33.34%) Suncor Energy Offshore Exploration Partnership (33.33%) Total E&amp;P Canada Ltd. (33.33%)</td>
<td>2013</td>
<td>01/15/2015</td>
<td>01/15/2024 [01/15/2021]</td>
<td>$21.0</td>
</tr>
</tbody>
</table>

Newfoundland and Labrador’s Cumulative Royalties¹ Paid from Projects with Suncor Energy Interest (Million $):
(CONFIDENTIAL, NOT FOR REDISTRIBUTION)

<table>
<thead>
<tr>
<th>Project</th>
<th>Total Project (to Dec 31, 2016)</th>
<th>Suncor Energy (to Dec 31, 2016)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Terra Nova (from Feb 2002)</td>
<td>$5,780</td>
<td></td>
</tr>
<tr>
<td>Hibernia PL1001 (from Nov 1997)</td>
<td>$10,064</td>
<td></td>
</tr>
<tr>
<td>HSE (from June 2011)</td>
<td>$37.2</td>
<td></td>
</tr>
<tr>
<td>White Rose (from Dec 2005)</td>
<td>$3,188</td>
<td></td>
</tr>
<tr>
<td>North Amethyst (from May 2010)</td>
<td>$281</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>$19,350.2</td>
<td></td>
</tr>
</tbody>
</table>
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## Attachment 3 – Latest Suncor Energy Financial & Operational Indicators

<table>
<thead>
<tr>
<th>Financial:</th>
<th>Q4 2016</th>
<th>Q4 2015</th>
<th>YTD 2016(^5)</th>
<th>YTD 2015(^5)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue(^1)</td>
<td>Million C$</td>
<td>$8,141</td>
<td>$6,593</td>
<td>$26,968</td>
</tr>
<tr>
<td>Net Earnings/Income</td>
<td>Million C$</td>
<td>$531</td>
<td>($2,007)</td>
<td>$445</td>
</tr>
<tr>
<td>Net Earnings per Share (basic)</td>
<td>C$</td>
<td>$0.32</td>
<td>($1.38)</td>
<td>$0.28</td>
</tr>
<tr>
<td>Cash Flow from Operations</td>
<td>Million C$</td>
<td>$2,365</td>
<td>$1,294</td>
<td>$5,988</td>
</tr>
<tr>
<td>Return on Capital Employed(^2)</td>
<td>Percent</td>
<td>0.5%</td>
<td>0.6%</td>
<td>n/a</td>
</tr>
<tr>
<td>Total Assets(^3)</td>
<td>Million C$</td>
<td>$88,702</td>
<td>$77,527</td>
<td>Same as Q4 2016</td>
</tr>
<tr>
<td>Total Liabilities(^3)</td>
<td>Million C$</td>
<td>$44,072</td>
<td>$38,488</td>
<td>Q4 2016</td>
</tr>
<tr>
<td>Total Shareholders’ Equity(^3)</td>
<td>Million C$</td>
<td>$44,630</td>
<td>$39,039</td>
<td></td>
</tr>
<tr>
<td>Capital and Exploration Expenditures(^4)</td>
<td>Million C$</td>
<td>$1,572</td>
<td>$2,030</td>
<td>$6,582</td>
</tr>
<tr>
<td>Netbacks-Continuing Operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>East Coast Canada</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average price realized</td>
<td>C$/bbl</td>
<td>$68.06</td>
<td>$52.51</td>
<td>$59.31</td>
</tr>
<tr>
<td>Royalties</td>
<td>C$/bbl</td>
<td>$15.07</td>
<td>$5.79</td>
<td>$10.64</td>
</tr>
<tr>
<td>Transportation costs</td>
<td>C$/bbl</td>
<td>$1.72</td>
<td>$2.81</td>
<td>$1.91</td>
</tr>
<tr>
<td>Operating costs</td>
<td>C$/bbl</td>
<td>$9.52</td>
<td>$16.86</td>
<td>$12.67</td>
</tr>
<tr>
<td>Operating netback</td>
<td>C$/bbl</td>
<td>$41.75</td>
<td>$27.05</td>
<td>$34.09</td>
</tr>
<tr>
<td>Operations:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Upstream Production</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1000 boe/day(^6)</td>
<td></td>
<td>738.5</td>
<td>582.9</td>
<td>622.8</td>
</tr>
<tr>
<td>East Coast Canada</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Terra Nova</td>
<td>1000 boe/day(^6)</td>
<td>16.7</td>
<td>13.1</td>
<td>12.4</td>
</tr>
<tr>
<td>Hibernia</td>
<td>1000 boe/day(^6)</td>
<td>30.1</td>
<td>15.6</td>
<td>26.8</td>
</tr>
<tr>
<td>White Rose</td>
<td>1000 boe/day(^6)</td>
<td>10.9</td>
<td>14.8</td>
<td>10.9</td>
</tr>
<tr>
<td>Refinery Throughput</td>
<td>1000 bbls/day(^7)</td>
<td>427.3</td>
<td>430.2</td>
<td>428.6</td>
</tr>
</tbody>
</table>

1. Operating revenues (net of royalties) including other income.
2. Excludes major projects in progress - for 12 month period ending.
3. As at end of the quarter.
5. YTD reporting period includes the twelve months from January 1 to December 31 inclusive.
6. Thousand barrels of oil equivalent per day.
7. Thousands barrels per day.
8. Numbers may not sum to totals due to rounding.

**Recent Newfoundland and Labrador Related Discussion:**

- Construction of the Hebron project continued in Q4 2016 with successful integration of the offshore topside modules with the GBS. First oil from the project continues to be on track for late 2017 followed by a full year ramp up to 30,000 barrels/day to Suncor.
- Suncor’s price realizations for production from East Coast Canada and International assets are influenced primarily by the price for Brent crude. Brent crude pricing increased to an average of US$49.50/bbl in Q4 2016, compared to US$43.70/bbl in Q4 2015.
- Royalties were higher in Q4 2016, compared with the prior year 4th quarter, primarily due to higher crude price realizations and higher production in East Coast Canada.

**Financial/Operations Discussion:**

- Net earnings in Q4 2016 were positively impacted by:
  - improved benchmark crude pricing;
  - higher Syncrude operating earnings due to acquisition of additional working interests and improved upgrader reliability;
  - a non-cash after-tax mark to market gain on interest rate derivatives for future debt issuance;
  - refining and marketing gain; and
  - lower operating costs at Oil Sands and Exploration and Production (E&P) operations.
Net earnings for the full year 2016 were positively impacted by:
- a non-cash gain on forward interest rate derivatives;
- a deferred tax recovery related to a tax rate reduction on oil and gas profits in the U.K.;
- higher Syncrude operating earnings;
- Refining and Marketing gain;
- higher refined product location differentials; and
- lower operating costs across the company's operated assets.

This was partially offset by lower upstream price realizations in the first nine months of 2016, the impact of shut-in production associated with the forest fires in the Fort McMurray area in Q2 2016 and weaker benchmark crack spreads.

Total capital and exploration expenditures in Q4 2016 were lower compared to Q4 2015 due to cost reduction initiatives, fewer planned maintenance activities and decreased purchases of haul trucks at Oil Sands. This was partially offset by increased Fort Hills activity and expenditures associated with the increased ownership in Syncrude. Capital and exploration expenditures for full year 2016 were within guidance and lower than 2015 due to execution of the capital plan.

Suncor's total upstream production was higher for full year 2016 compared to 2015, due primarily to increased production in the Oil Sands segment.

Asset sales for 2016 were C$2.0 billion, exceeding the company's target of C$1.0 to C$1.5 billion.

2017 Capital and Production Guidance:

- Suncor Energy's capital guidance for 2017 is expected to be between C$4.8 billion and C$5.2 billion. Suncor stated that the 2017 capital spending program includes capital required to bring two major growth projects, Fort Hills and Hebron, to completion while at the same time investing in its existing assets to ensure continued safe, reliable and efficient operations.

- In 2017, approximately 40% of the capital spending program is allocated towards upstream growth projects, including Fort Hills and Hebron with both expected to achieve first oil by the end of 2017. The remaining 60% is directed towards sustaining capital across all segments. In 2016, approximately 60% of the capital spending program was allocated towards growth projects and 40% towards sustaining capital investments.

<table>
<thead>
<tr>
<th>2017 Capital Expenditure Guidance (C$ millions)</th>
<th>2017 Outlook</th>
<th>% of Growth Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>$4,800 - $5,200</td>
<td>40%</td>
</tr>
<tr>
<td>Upstream²</td>
<td>$4,135 - $4,475</td>
<td>50%</td>
</tr>
<tr>
<td>Downstream</td>
<td>$625 - $675</td>
<td>0%</td>
</tr>
<tr>
<td>Corporate</td>
<td>$40 - $50</td>
<td>0%</td>
</tr>
</tbody>
</table>

2. Growth capital expenditures include investments that increase production levels at existing Oil Sands operations, new facilities or operations that increase overall production, new infrastructure required to support higher production, new reserves or a positive change in the company's reserves profile in E&P operations or margin improvement (by increasing revenues or reducing costs).

- Suncor Energy's production guidance for 2017 is expected to be between 680,000 to 720,000 barrels of oil equivalent per day. Suncor expects increased production from the Oil Sands and Syncrude segments. Refined product sales for 2017 are expected to be in a range of 515,000 to 545,000 barrels per day.

- East Coast Canada Royalties (reflected as a percentage of gross revenues) are expected to be in the range of 17% to 21% for 2017.

- Suncor's 2016 outlook assumptions include: Brent (Sullom) at US$53/barrel; WTI (Cushing) at US$52/barrel; WCS (Hardisty) at US$38/barrel; and Cdn/US exchange rate at $0.77.
Decision/Direction Note  
Department of Natural Resources

Title: NL Participation in the Expert Panel Review of the National Energy Board (NEB)

Decision/Direction Required:
- A decision and/or direction is required on whether the Minister of Natural Resources should make a formal written submission to the NEB Expert Panel (the Panel) struck by the federal government to review and make recommendations on modernizing the NEB or if another form of participation is necessary such as: attending one of the public engagement sessions; or attending a bi-lateral meeting with the Panel.

Background and Current Status:
- On November 8, 2016 the federal Minister of Natural Resources Canada (NRCan) announced a Panel would provide recommendations on modernizing the NEB. The NEB review is a key element of the Government of Canada's environmental and regulatory process review that also includes examination of fisheries and environmental assessment legislation.
- The Panel is examining a range of issues and has posted 12 discussions papers online to seek input on key areas, including the NEB's governance structure, role and mandate, with particular focus on enhancing the participation of the public and Indigenous people in regulatory reviews. Other topics include the NEB's decision making role on projects, the life-cycle regulation of projects, environmental assessment and emergency prevention, preparedness and response.
- The Panel is engaging provinces and territories, municipalities, Indigenous peoples, industry, and the public in its review of the NEB. Panel sessions will be held in cities across Canada. The Minister of NRCan is expecting a report and recommendations from the Panel by May 15, 2017.
- Panel sessions will span two days and offer several ways for stakeholders to participate: presentations by individuals with specialized knowledge and experience; dialogue sessions with a wide range of stakeholders and rights holders on the Panel’s review themes; and open houses to hear 5-minute presentations from the public. Day two of each session will focus on Indigenous engagement to hear directly from communities, Indigenous leadership and any other groups or people interested in Indigenous issues.

Analysis:
- The Panel attended the EMMC DM meeting on February 13, 2017 and gave a presentation providing an overview of the key areas of focus for the review as well as responded to questions from DMs regarding the Panel review process. On February 22, 2017, the Panel sent a formal invitation to PT DMs to participate in a one-hour bi-lateral teleconference during the week of April 3-7, 2017 to present PT perspectives on NEB modernization (Attached as Appendix A).
- As the Panel is not coming to NL, NS or PEI, the closest session for NL participants to attend is March 21-22, 2017 in Saint John, NB. Pre-registration for sessions is necessary. NRCan is also offering funding to
support public travel to participate in sessions. NL is not aware of why the panel is not holding a session in NL, NS, or PEI.

- The NEB does not regulate NL energy developments onshore or offshore.

- In December 2016, the NL Minister wrote to the Federal Government Expert Panel reviewing environmental assessment processes. The letter outlined NL concerns regarding how changes to the federal environmental assessment process could affect NL’s offshore oil and gas industry.
Appendix A

National Energy Board Modernization: Expert Panel

February 22, 2017

Dear Deputy Minister,

As you may know, on November 8, 2016, the Minister of Natural Resources, Jim Carr, established an Expert Panel to conduct a targeted review of the National Energy Board’s (NEB) structure, role and mandate under the National Energy Board Act. We have been mandated to engage broadly with Indigenous peoples, interested stakeholders, and the provinces and territories as well as with the public and provide a final report to Minister Carr by May 15, 2017.

As mentioned in our meeting with Energy and Mines Ministers Conference’s Deputy Ministers held in Toronto on February 13, we would greatly appreciate hearing from provincial and territorial leadership on the modernization of the NEB to inform the development of our recommendations to Minister Carr.

Accordingly, we invite you to attend a one-hour teleconference during the week of April 3 to 7, 2017.

If you are interested and available to speak with us, our Secretariat can work with your office on scheduling. Our Secretariat lead, Christopher Piercey, can be reached at christopher.piercey@canada.ca to answer any questions or discuss this meeting request.

Thank you in advance for your consideration. We look forward to having a profitable discussion in April.

Sincerely,

Hélène Lauzon
Co-Chair
NEB Modernization Expert Panel

Gary Merasty
Co-Chair
NEB Modernization Expert Panel
Decision Note
Department of Natural Resources

Title: Fundamental Decision No. 2017.01 – Making of Call for Bids NL17-CFB01

Decision Required:
- To seek the Minister’s approval for a Fundamental Decision made by the Canada-Newfoundland and Labrador Offshore Petroleum Board (the Board) respecting the making of a Call for Bids for three parcels located in the Jeanne d’Arc Region.

- It is recommended that the Minister approve the fundamental decision.

Fundamental Decision:
- By way of a letter dated February 28, 2017 (received on that day), the Board submitted Fundamental Decision 2017.01 respecting the making of a Call for Bids for three parcels (NL17-CFB01) located in the Jeanne d’Arc Region (see Schedule A)

- Pursuant to the Atlantic Accord Implementation Acts, Ministers are required to approve or disapprove a fundamental decision within 30 days after receipt of notice. The 30 day time period will expire on March 30, 2017.

- NRCAN has verbally advised that a recommendation to approve the Fundamental Decision will be made to their Minister.

Background and Current Status:
- A Call for Bids is the legislated process for the issuance of rights (exploration licences) to explore for oil and gas in the Newfoundland and Labrador offshore area.

- In December 2013, the Board announced a new scheduled land tenure system. The new system was designed to transition from the previous annual cycle to a scheduled multi-year sequence. Depending on the classification of the region, the licencing process proceeds over a 4-year, 2-year or 1-year cycle.

- This system was developed to take into account the variances in data coverage and geoscientific knowledge by introducing distinctive timing cycles. With different timing cycles, more exploration lead time can be allocated to lesser explored portions of the offshore, while maintaining a more responsive process in regions with elevated activity. The Jeanne d’Arc region is classified as Mature so follows a 1-year cycle.

- 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 has decided to issue Call for Bids NL17-CFB01 (Jeanne d’Arc Region) consisting of three parcels for a total of 317,407 hectares. All of the parcels are within Canada’s Exclusive Economic Zone (see Schedule B).

- All areas covered by the Call the Bids were included within the scope of the Board’s 2014 Eastern Newfoundland Strategic Environmental Assessment (SEA) update. The completion of a SEA at least 120 days before the closing date for the submission of bids specified in the call, has been a policy initiative implemented by the Board and supported by government as
a means to identify potential environmental sensitivities at the Call for Bids stage. As such, it notifies potential bidders of any environmental sensitivities that may impact exploration and production activities. A project specific environmental assessment that focuses on site specific issues must also be completed before any work can commence on the permit.

Analysis:

2014 Eastern Newfoundland Strategic Environmental Assessment (SEA)
- The 2014 SEA provided information on the existing environment in the study area and identified key environmental features and considerations which may be associated with future oil and gas activities in the Eastern Newfoundland Offshore Area.

- The SEA typically involves a broader-scale environmental assessment that considers the larger ecological setting. The SEA update identified a number of “sensitive or special” areas within the broader Eastern Newfoundland Offshore Area; however, none overlap with NL17-CFB01-01[S. 29(1)(a), S. 34(1)(b)]

- The Board’s Environmental Affairs department confirms that there are no environmental concerns at this time that would limit proceeding with this Call for Bids.

Alternatives:

Alternative 1 (RECOMMENDED)
- Following a review of supporting documentation from the Board, internal analysis and consultations with NRCan, it is recommended the Minister approve Fundamental Decision No. 2017.01. If approved, a letter is attached for signature.
SCHEDULE A

FUNDAMENTAL DECISION

A. ISSUANCE OF CALL

Fundamental Decision 2017.01

Pursuant to section 58 of the C-NLAA/INA and 57 of the C-NLAA/NLA, the Board has decided to proceed with the issuance of a Call for Bids No. NL17-CFB01 (Jeanne d’Arc), as annexed hereto, subject to Ministerial Approval.
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