



June 29, 2015

Written Comment on CNSOPB's Call for Bids NS15-1

*Based on Strategic Environmental Assessment for the
Eastern Scotian Shelf and Slope (Middle and Sable Island Banks),
Western Scotian Shelf and Slope (Area 3A) and
Western Scotian Shelf and Slope (Area 3B)*

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Christine Bonnell-Eisnor
Director, Rights Management & Finance
Canada-Nova Scotia Offshore Petroleum Board
18th Floor TD Centre
1791 Barrington Street
Halifax N.S. B3J 3K9

Re: Call for Bids NS15-1

Dear Ms. Bonnell-Eisnor,

The Maritimes Energy Association is pleased to provide a written comment on the Call for Bids NS15-1 by the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB). Seeking public consultation on activities such as these is extremely important and we are pleased to support this initiative by the CNSOPB. Two earlier Call for Bids, NS11-1 and NS 12-1, saw combined total exploration work expenditure bids of over two billion dollars. It is obvious that there is interest from around the world to do work offshore of Nova Scotia. Exploration work programs related to these two bids by Shell Canada and BP are well underway.

The Maritimes Energy Association is an independent not-for-profit organization representing businesses that provide goods and services to the energy industry in Eastern Canada – offshore & onshore, renewable & non-renewable, domestic and export markets. The Maritimes Energy Association continuously strives to play a role in the advancement of the energy industry by identifying, promoting and supporting opportunities for its local member companies in the energy industry.

The Maritimes Energy Association supports the exploration and development of Nova Scotia's offshore petroleum potential and supports the regulatory regime of the CNSOPB. The development of the Nova Scotia oil and gas industry over the past 50 years has contributed

significantly to our local economy and the people of Nova Scotia. We understand the importance of projects such as this and how they help to create sustainable jobs and economic activity in our region, which are our main priorities as an association.

We also acknowledge the importance of appropriate environmental stewardship delivered through effective requirements while carrying out the activities of the oil and gas industry in Nova Scotia. We are excited to see new activity by the oil and gas industry in the province and particularly the exploration now underway and its potential to be expanded into new areas.

The Call for Bids NS15-1 consists of nine parcels located on the Scotian Shelf and Slope above existing oil and gas discoveries in the Sable Subbasin. Successful bidder(s) will be awarded Exploration Licenses to conduct oil and gas exploration projects. The Strategic Environmental Assessments (SEA) prepared for the CNSOPB in April 2014 focus on potential environmental impacts that may be caused by oil and gas activities, specifically in the Eastern Scotian Shelf and Slope and Western Scotian Shelf (Area 3A and Area 3B). The SEAs also address possible risks and general mitigation measures for these areas. SEAs play a crucial role in assisting the CNSOPB in the selection process and also provide guidelines for potential operators to develop their project-specific environmental assessments (EAs).

The Maritimes Energy Association is pleased to share the following comments on the CNSOPB's Call for Bids NS15-1 based on the existing SEAs.

Comments

The SEAs completed for offshore petroleum activities on the Eastern Scotian Shelf and Slope as well as areas 3A and 3B on the Western Scotian Shelf and Slope are detailed and extensive. All three assessments outline the potential environmental mitigation measures based on various

exploration activities such as seismic and seabed surveys, exploratory drilling as well as vessel traffic, well abandonment and accidental spills. It also notes relevant legislation and guidelines and provides a complete description of the physical environment of the specific study area for planning purposes.

To ensure expected outcomes, a larger study area was established around the initial project area as a buffer to help determine how the environment could be impacted from potential exploration activities outside the respective project areas. This due diligence by the CNSOPB is an example of how they exercise a precautionary approach in their regulatory mandate.

Due to existing environmental features, stakeholder interests, relevant legislation and potential exploration activities, the three SEAs focuses mainly on Valued Environmental Components (VECs). The scope of the VECs consist of species of special status, special areas and fisheries. The SEAs outline potential effects of offshore petroleum activities based on existing knowledge and literature, recommended mitigation and planning considerations and discussed data gaps and uncertainties with regards to all of the VECs.

Detailed tables are also provided that outline all of the key mitigation measures for possible types of exploration activity in the various study areas. The assessments also include several tables, figures and maps to support the associated information.

Stakeholder engagement was a major priority in the SEAs provided by the CNSOPB. Key stakeholders were recommended for consultation including the Maritime Aboriginal People's Council, the Fisheries Advisory Committee, the DFO (Maritime region), Environment Canada and the Department of National Defense. Once again, the necessity and importance of public consultation is addressed in the SEAs, specifically with those potentially directly affected.

The CNSOPB has ensured that their assessment adheres to standard regulatory requirements including the Nova Scotia Offshore Drilling and Production Regulations and associated

guidelines as well as the Statement of Canadian Practice with Respect to the Mitigation of Seismic Noise in the Marine Environment among others. The Maritimes Energy Association would like to reemphasize how important it is that regulations continue to be reviewed and updated periodically to consider the latest technology and best practices, where applicable and appropriate. Conducting relevant research in a timely manner and adopting new procedures and guidelines is imperative to the on-going success of offshore oil and gas exploration and development.

It is also encouraging to see that we may be potentially exploring areas of the Scotian Basin that have not previously been extensively explored (Parcels 1, 2, 3 and 4). Limited coverage of modern seismic data-sets, especially on the shelf, along with very sparse well control according to the CNSOPB make this one of the most poorly understood offshore regions of Nova Scotia from a petroleum perspective. It is also advantageous that we are continuing to explore areas in the Sable Subbasin (Parcels 8 and 9) where significant discoveries have already been made.

All operators bidding in the Call for Bids NS15-1 are encouraged to follow their work standards that support the mitigation and preventative measures to eliminate or reduce potential environmental impacts. All operators are required to receive authorization from the CNSOPB before beginning any petroleum-related activity in the Nova Scotia Offshore area. Operators are also responsible for submitting environmental protection documentation including a spill contingency plan. As part of the environmental protection process, operators must follow the Environmental Protection Plan guidelines, the Offshore Waste Treatment Guidelines (OWTG) and the Offshore Chemical Selection Guidelines (OCSG). Monitoring and relevant research are key to successful environmental impact mitigation outcomes and successful bidders are urged to ensure effective compliance with their operating procedures by their personnel and systems and that they continue to review their activities in pursuit of limiting the impacts on the environment.

Nova Scotia and the Atlantic Region have a long and successful history of offshore exploration and development. The industry and the local companies that support it are proud of their records on safety and environment stewardship. As a result, The Maritimes Energy Association strongly supports CNSOPB's Call for Bids NS15-1 and recognizes it as one of the regulatory processes that helps advance oil and gas exploration and development in Nova Scotia. The SEAs for the offshore petroleum activities on the Eastern Scotian Shelf and Slope as well as areas 3A and 3B on the Western Scotian Shelf and Slope are thorough and comprehensive. They are a strong foundation for the CNSOPB to follow a successful selection process as it provides bidders ample information regarding potential mitigation steps and necessary requirements in order to submit competitive bids.

In conclusion, we support the CNSOPB for its continued efforts to seek public input and thank them for the opportunity to support and provide comment on this initiative. We look forward to seeing several operators bid on this project and seeing the oil and gas industry in Nova Scotia continue to develop and in turn, grow our local economy.