



2022–23

A N N U A L R E P O R T



June 29, 2023

The Honourable Jonathan Wilkinson, P.C., M.P.
Minister of Natural Resources
Government of Canada

The Honourable Andrew Parsons, K.C., MHA
Minister of Industry, Energy and Technology
Government of Newfoundland and Labrador

The Honourable Sarah Stoodley, MHA
Minister of Digital Government and Service NL
Government of Newfoundland and Labrador

Dear Ministers:

Pursuant to section 29 of the legislation implementing the **Atlantic Accord**, we are pleased to present the Annual Report, together with the financial statements, of the Canada-Newfoundland and Labrador Offshore Petroleum Board for the fiscal year ending March 31, 2023.

Respectfully submitted,

Handwritten signature of Roger Grimes in blue ink.

Roger Grimes
Chair

Handwritten signature of Scott Tessier in blue ink.

Scott Tessier
Chief Executive Officer

INTRODUCTION

The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) is the independent regulatory agency created in 1986 under the **Atlantic Accord Implementation Acts (Accord Acts)**, with a mandate that includes offshore safety, environmental protection, resource management and industrial benefits. Safety and environmental protection are paramount in all Board decisions.

In 2022, the federal and provincial governments announced their intention to expand the mandate of the C-NLOPB to include the regulation of offshore renewable energy. As staff prepare for these new responsibilities and continue to regulate offshore oil and gas activity, safety of offshore workers, environmental protection and regulating in the public interest remain the C-NLOPB's core values and continue to be the highest priorities for both C-NLOPB staff and Board Members.

As of March 31, 2023, the C-NLOPB had 102 permanent staff and its budget for the 2022-23 fiscal year was \$23,610,000. Pursuant to the **Offshore Petroleum Cost Recovery Regulations and Guidelines**, the C-NLOPB recovered 100 percent of its actual costs of \$22,694,678 from industry for 2022-23.

This Annual Report highlights the C-NLOPB's accomplishments and activities for 2022-23. The Report is aligned with the C-NLOPB's strategic plan and business plan and includes audited financial statements.

For more information about the C-NLOPB please visit www.cnlopb.ca.

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BOARD MEMBERS

Roger Grimes, C.M.
Board Chair

Lori Bevan, LL.B.
Board Member

Kim Dunphy
Board Member
Audit and Evaluation Committee Member

Wes Foote, P. Eng.
Board Member
Governance Committee Member

Brian Maynard, CA, CPA
Board Member
Audit and Evaluation Committee Chair

Sharon Murphy
Board Member
Governance Committee Member

Ted O’Keefe, P.Eng., MBA
Board Member
Governance Committee Chair
Audit and Evaluation Committee Member

MANAGEMENT TEAM

Scott Tessier
Chief Executive Officer

Paul Alexander, P.Eng., PMP
Chief Safety Officer

Jeff O’Keefe, P.Eng., P. Geo.
Chief Conservation Officer

Kelly Batten Hender, Ph.D., P. Geo.
Director of Resource Management

Michael Baker, CPHR, SHRM-SCP
Director of Corporate Services

Marshall Conway, P.Eng.
Director of Operations

Susan Gover, B.Comm. (Hons), LL.B.
Chief Legal Officer

Stephanie Johnson, P. Geo
Director of Offshore and Information Resources

John Kennedy, P.Eng., CRSP
Director of Operations (until October 17, 2022)
Senior Special Advisor (October 18, 2022 - March 31, 2023)

Jill Mackey, B.Sc. (Hons), B.Ed., P.Eng., CRSP
Director of Safety

Rob McGrath
Director of Industrial Benefits

Tim Murphy
Director of Regulatory Affairs

Lesley Rideout
Director of Communications and Public Engagement

Craig Rowe, M.Sc., P. Geo.
Director of Digitalization and Analytics

Elizabeth Young
Director of Environmental Protection

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

I would like to thank our staff for their dedication and continued regulatory excellence this year, as well as our Board Members for their unfailing support and wise counsel. Our staff and Board exemplify dedication to serving Newfoundland and Labrador and the rest of Canada, always in the public interest.

I am proud of our collective accomplishments in 2022-23 and am very excited for what lies ahead.



Scott Tessier
Chief Executive Officer



C-NLOPB staff attended the International Upstream Forum in Norway and the Global Offshore Wind Regulatory Forum in Denmark, in 2022.

SAFETY OF OFFSHORE WORKERS

SAFETY ASSESSMENTS

Prior to being issued an Operations Authorization (OA) in relation to any petroleum related activity in the Canada-Newfoundland and Labrador Offshore Area (Offshore Area), an Operator must submit an application containing comprehensive documentation demonstrating how it will take all reasonable and practicable measures to achieve the required level of safety for the proposed scope of work.

The C-NLOPB conducts systematic and comprehensive safety assessments of these applications, which includes the review of safety plans and other safety-related information submitted in support of the proposed activity. Audits and inspections are conducted prior to and after issuing an authorization in most cases.



International Regulators' Forum members from 11 countries held a virtual mid-year meeting in 2022.

In 2022-23, the C-NLOPB's Safety Department conducted 20 safety assessments, which were completed or under review in 2022-23, as listed in Table 1.

Table 1: Safety Assessments Completed or Undergoing Review in 2022-23

OPERATOR	ACTIVITY	NUMBER COMPLETED
BP Canada Energy Group ULC (bp)	Environmental Program Authorization	1
bp	Exploration Drilling OA	Under Review
Cenovus Energy Inc. (Cenovus Energy)	OA Amendment	1
Electromagnetic Geoservices Canada, Inc. (EMGS)	Electromagnetic Program Authorization	1
Equinor Canada Ltd. (Equinor)	OA Amendment	4
ExxonMobil Canada Properties (EMCP)	OA Amendment	4
EMCP	Drilling OA Authorization	1
EMCP	Drilling OA	Under Review
Hibernia Management Development Company Ltd. (HMDC)	OA Renewal	1
HMDC	OA Amendment	2
Suncor Energy Inc. (Suncor Energy)	OA Amendment	1
Suncor Energy	Diving Program Authorization	1
Suncor Energy	Production OA	Under Review

COMPLIANCE AND ENFORCEMENT

Safety Officers conduct inquiries, issue orders, investigate work refusals and verify compliance by conducting safety inspections, safety audits, pre-approval safety audits and other oversight activities. In 2022-23, the C-NLOPB completed 20 audits, inspections and oversight activities, as listed in Table 2.

Table 2: Safety Audits, Inspections and Oversight Activities Completed in 2022-23

OPERATOR/ PROVIDER OF SERVICE	INSTALLATION/VESSEL/ PROJECT	AUDIT/INSPECTION/ OVERSIGHT	NUMBER COMPLETED
bp	Motor Vessel (M/V) Atlantic Condor	Pre-approval safety inspection for Environmental Program authorization	1
bp	M/V Stena IceMax	Pre-approval safety inspection for Exploration Drilling OA	1
Cenovus Energy	SeaRose Floating, Production, Storage and Offloading Vessel (FPSO)	Materials Handling and Lifting Operations audit	1
Cenovus Energy	SeaRose FPSO	Safety inspection focusing on the Compliance Verification Matrix (CVM) for the new Canada-Newfoundland and Labrador Offshore Area Occupational Health and Safety (OHS) Regulations (OHS Regulations)	2
Cenovus Energy	West White Rose Project	Construction yard site visit	1
Equinor	West Hercules Mobile Offshore Drilling Unit (MODU)	Pre-approval safety inspection for Exploration Drilling OA amendment	1
Equinor	West Hercules MODU	Safety inspection focusing on the CVM for the new OHS Regulations	1
EMCP	Hebron Platform	Materials Handling and Lifting Operations audit	1
EMCP	Hebron Platform	Safety inspection focusing on the CVM for the new OHS Regulations	2
EMCP	Stena Forth MODU	Pre-approval safety inspection for Drilling OA	1
HMDC	Hibernia Platform	Materials Handling and Lifting Operations audit	1
HMDC	Hibernia Platform	Safety inspection focusing on the CVM for the new OHS Regulations	2
HMDC	Hibernia Platform	Drilling Restart Inspection for OA renewal	1
MultiKlient Invest AS (MKI AS)	M/V Ramform Titan	Pre-approval inspection for Geophysical Operations authorization	1
Suncor Energy	Terra Nova FPSO	Asset Life Extension (ALE) shipyard visit	2
Suncor Energy	Cougar Heliport	Helicopter Oversight Safety Review audit	1

In 2022-23, the following formal Enquiries were completed or continued for safety incidents:

Table 3: Summary of Safety Enforcement Activities for 2022-23

INCIDENT DATE	NATURE OF INCIDENT	STATUS
September 6, 2019	A worker onboard the Transocean Barents MODU suffered a serious injury when they were pinned between a steel adapter weighing 1400kg and a rail during crane operations. The C-NLOPB has laid two charges against Transocean Canada Drilling Services Ltd. (Transocean) for alleged offences related to the injury. Both charges relate to contraventions of the Canada-Newfoundland and Labrador Offshore Marine Installations and Structures OHS Transitional Regulations .	Prosecution Ongoing
December 29, 2019	A worker onboard the Terra Nova FPSO was injured after falling from a ladder in a ballast tank. The C-NLOPB has laid three charges against Suncor Energy Inc. for alleged offences related to the injury. Charges relate to contraventions of the Canada-Newfoundland and Labrador Offshore Marine Installations and Structures OHS Transitional Regulations .	Prosecution Ongoing
January 14, 2020	On January 14, 2020, the Chief Safety Officer (CSO) issued a Dangerous Situation Order to Suncor Energy Inc. as the Operator of the Terra Nova FPSO, to take immediate measures to ensure the use of a fall protection system for all vertical ladders greater than six metres in length that are not fitted with a protective cage, at or near the Terra Nova FPSO. The non-compliances identified in the order have been addressed to the satisfaction of the C-NLOPB and the Dangerous Situation Order was revoked on January 19, 2023.	Closed
February 18, 2023	A worker onboard the Hibernia Platform was injured while performing work on a portable extension ladder 2.5-3 metres above the floor when the ladder and the worker fell to the deck, resulting in medical treatment and a lost/restricted workday injury. On March 15, 2023 the C-NLOPB issued a Notice of Non-Compliance to HMDC in connection with the OHS Regulations .	Active

MONITORING

Following authorization of an Operator’s work activity, staff conduct monitoring activities which include the review of operational reports, incident reports, complaints, the installation’s workplace committee meeting minutes and training exemptions or equivalencies submitted against the **Atlantic Canada Offshore Petroleum Industry: Training and Qualifications of Personnel Standard Practice**.

The Operator is required to report and investigate all incidents as described in the C-NLOPB **Incident Reporting and Investigation Guidelines**. In 2022-23, staff reviewed 99 safety-related incident reports from Operators. The C-NLOPB Quarterly Safety Incident Report can be found on the C-NLOPB website.¹ During this reporting period, 2,486,057 hours were worked in the Offshore Area. There were 10 incidents that resulted in a reportable injury or illness, which translates to a reportable injury frequency rate of 4.02 per million hours worked.

¹ <https://www.cnlopb.ca/information/statistics/>

SUBSTITUTIONS, EQUIVALENCIES OR EXEMPTIONS

The CSO and/or the Chief Conservation Officer (CCO) may authorize the use of equipment, methods, measures or standards in lieu of any required by regulations, or grant an exemption from any regulatory requirement, excluding **OHS Regulations** requirements, if satisfied that it will provide a level of safety, protection of the environment and resource conservation greater than, or equivalent to, that provided by compliance with regulations. A Regulatory Query (RQ) process is in place to evaluate and render decisions on applications for regulatory equivalencies, substitutions or exemptions.² Safety Department staff have a significant role to play in the assessment of these evaluations and work in collaboration with the Operations Department, who administers this 'regulatory query process'.

As a result of the new **OHS Regulations** that came into force on January 1, 2022, work continued during the reporting period to both update and/or withdraw certain active RQs against the new **OHS Regulations**. In preparation for the upcoming primarily performance based **Canada-Newfoundland and Labrador Offshore Area Petroleum Operations Framework Regulations (Framework Regulations)**, Operators are also now required to assess all existing RQs and provide assessments against the new **Framework Regulations** to determine if the RQ is still valid, prior to those Regulations coming-into-force.

Table 4: Regulatory Query Activity for 2022-23

STATUS	NUMBER OF EQUIVALENCIES/ SUBSTITUTIONS/EXEMPTIONS
Applications Received	23
Approved	31
Not Required	0
Rejected	0
Withdrawn*	210
Still Under Consideration**	13

*Includes RQs no longer valid as a result of staff assessment against new **OHS Regulations**.

**Applications processed and under consideration may include carryover.

CHIEF SAFETY OFFICER APPROVALS

As a result of the new **OHS Regulations** that came into force on January 1, 2022, the CSO may now authorize the approval of an alternate means for the following sections of the **OHS Regulations**:

- Subsection 30(3) – Annual lifeboat launching drill
- Paragraph 63(3)(a) – Request to exceed two persons in sleeping quarters
- Subsection 107(e) – Use of self-propelled or mobile elevating work platforms
- Section 110(2) – Non-conformance with International Code of Practice for industrial rope access standard
- Paragraph 153(1)(c) – Amount of explosives

² <https://www.cnlopbc.ca/legislation/equivalencies/>

Applications to the CSO under this part of the **Accord Acts** will normally be made available to the public for a period of 30 days. In 2022-23, the CSO authorized five CSO Approvals and one amendment.³

OCCUPATIONAL HEALTH AND SAFETY COMPLAINTS

The Safety Department has a process in place to deal with all health and safety related complaints. Any person who has a complaint related to offshore petroleum operations may contact one of the Safety Officers by calling (709) 778-1400, in writing to information@cnlopb.ca, or in person. Officers will review the circumstances surrounding the complaint with the Operator and resolve the complaint appropriately. The C-NLOPB did not receive any health and safety complaints in 2022-23.

OCCUPATIONAL HEALTH AND SAFETY ADVISORY COUNCIL

The Canada-Newfoundland and Labrador Offshore OHS Advisory Council (the Advisory Council) is mandated to advise the C-NLOPB, the federal Minister of Natural Resources and Minister of Labour, and the provincial Minister of Digital Government and Service NL and Minister of Industry, Energy, and Technology on the administration and enforcement of Part III.1 of the **Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act**. In addition, the Advisory Council advises on any other OHS matters referred to it by C-NLOPB or the federal or provincial ministers.

During 2022-23, the Advisory Council provided advice regarding the suitability of conducting Basic Survival Training sea-day exercises in a simulated pool environment versus the current practice of conducting sea-day exercises in the ocean, to the C-NLOPB and provincial and federal Ministers.

SAFETY FORUM

The purpose of a C-NLOPB Safety Forum is to provide an opportunity for offshore industry stakeholders to exchange information so that safety issues can be proactively identified and addressed and to highlight any additional areas of concern. In 2022-23, the C-NLOPB held a hybrid Risk Assessment/Management themed Safety Forum and Workplace Committee Session, both in-person and virtually.

³ <https://www.cnlopb.ca/csoapprovals/>

PROTECTION OF THE ENVIRONMENT

ENVIRONMENTAL PROTECTION PLANS

An Environmental Protection Plan (EPP) is a document or set of documents that describes an Operator’s responsibilities, expectations and methodologies for environmental protection associated with an authorized work or activity. An Operator’s EPP is reviewed as part of its application for an authorization. If an Operator amends an EPP, the C-NLOPB reviews the proposed changes for acceptability before the changes can be implemented. During the reporting period, 14 new or amended EPPs were reviewed by C-NLOPB staff.

Table 5: New EPPs or Amendments to Existing EPPs during 2022-23

OPERATOR	FIELD/INSTALLATION	NEW OR AMENDED
Cenovus Energy	White Rose Field	3
EMCP	Hebron Field	2
Equinor	West Hercules MODU	1
ExxonMobil Canada Limited (EMCL)	Stena DrillMax MODU	1
HMDC	Hibernia Field	3
Suncor Energy	Terra Nova Field	4

REGIONAL ASSESSMENT

The C-NLOPB continues to support the Impact Assessment Agency of Canada (IAAC) follow-up program of the Regional Assessment of Offshore Oil and Gas Exploratory Drilling East of Newfoundland and Labrador Report, which was issued in February of 2020⁴.

The C-NLOPB is also supporting the IAAC in the Regional Assessment of Offshore Wind Development in Newfoundland and Labrador.⁵

ENVIRONMENTAL ASSESSMENT

As part of its responsibilities under the **Accord Acts** for environmental protection, the C-NLOPB assesses the potential environmental effects of petroleum related work or activity proposed for the Offshore Area. In accordance with the C-NLOPB’s responsibilities under the **Accord Acts** and section 82 of the **Impact Assessment Act (IAA)** (S.C. 2019, c. 28, s. 1), there was one **Accord Acts** Environmental Assessment (EA) initiated and subsequent determination made, and one EA that underwent an assessment.⁶

Table 6: Accord Acts Environmental Assessments during 2022-23

OPERATOR	PROGRAM	LOCATION	STATUS
bp	Ephesus Prospect Remote Operated Vehicle (ROV) Survey, 2019-2024	Eastern Newfoundland (EN)	Undergoing Amendment
EMGS	Controlled Source Electromagnetic Survey (CSEM)	EN and Southern Newfoundland (SN)	Completed

⁴ <https://iaac-aeic.gc.ca/050/evaluations/proj/80156?culture=en-CA>

⁵ <https://iaac-aeic.gc.ca/050/evaluations/proj/84343>

⁶ <https://www.cnlopb.ca/assessments/>

Throughout the reporting period in its role as a ‘Federal Authority’, the C-NLOPB provided expert knowledge to support the IAAC, in conducting Impact Assessments (IAs) of planned projects in the Offshore Area that were initiated under the **Canadian Environmental Assessment Act, 2012 (CEAA 2012)**. Further information on these assessments can be obtained from the IAAC Registry⁷.

Table 7: CEAA 2012 Assessments that continued under the IAA during 2022-23

OPERATOR	PROJECT	LOCATION	REFERENCE NUMBER	ASSESSMENT STATUS
EMCL	Exploration Drilling South Eastern Newfoundland (SEN)	EN and Flemish Pass	80154	Terminated
Equinor	Bay du Nord Development	EN and Flemish Pass	80154	Completed
Suncor Energy Offshore Exploration Partnership	Exploration Drilling (Tilt Cove)	Jeanne d’Arc (JDA)	80177	Ongoing

The C-NLOPB also provides ongoing compliance verification and enforcement services in respect of the conditions imposed by assessments completed under the **Accord Acts, CEAA 2012** or the **IAA** for operations authorized by the C-NLOPB. Environmental Conservation Officers and Environmental Assessment Officers review program applications to ensure that planned activities are compliant. Compliance with the conditions imposed by assessments and conformance to Operator commitments made during the assessment process, are made enforceable by condition of C-NLOPB-issued OAs. Compliance verification activities occurred throughout the reporting period for five Operators conducting exploration drilling or supporting activities.

COMPLIANCE AND ENFORCEMENT

Operators must report pollution incidents to the C-NLOPB for all offshore installations, including those related to petroleum spills, unauthorized and/or unplanned discharges and releases, and issues with effluent quality. The C-NLOPB reviews these reports and conducts follow-up, as required.

There were 11 spills of petroleum during the reporting period. A summary of spill information for the 2022-23 reporting period is provided in Table 8 and more information on unauthorized and/or unplanned discharges and releases is available on the C-NLOPB’s website⁸.

Table 8: Summary of Spill Information for 2022-23

COMPONENT	LITRES	PERCENTAGE OF ANNUAL TOTAL	NUMBER OF INCIDENTS
Crude Oil	12.32	71.1	10
Hydraulic and Lubricating Oil	5	28.9	1

During 2022-23, the following formal Enquires continued or were completed, for a number of environmental incidents.

⁷ <https://iaac-aeic.gc.ca/050/evaluations>

⁸ <https://www.cnlopb.ca/information/statistics/#environment>

Table 9: Summary of Environmental Enforcement Activities for 2022-23

INCIDENT DATE	NATURE OF INCIDENT	STATUS
November 16, 2018	Spill of 250,000 litres of crude oil from a failed subsea weak-link at the South White Rose Extension Drill Centre. A formal Enquiry was conducted and charges were laid against Husky Oil Operations Limited on October 19, 2021.	Prosecution Ongoing
July 17, 2019	Spill of 12,000 litres of petroleum from the crude storage system of the Hibernia Platform. A formal Enquiry was conducted and charges were laid against HMDC in July 2022.	Prosecution Ongoing
April 24, 2020 - July 7, 2020	Equinor Canada Ltd. did not fully meet Condition 20 of its 2020 OA issued by the C-NLOPB to conduct daily monitoring for the presence of marine and stranded birds from the Transocean Barents MODU, from April 24, 2020 to July 7, 2020. A formal Enquiry was conducted and a Notice of Violation was issued on April 13, 2022. Equinor Canada Ltd. paid the penalty of \$16,000 in full.	Administrative Monetary Penalty Paid

Environmental Protection staff completed a number of offshore and onshore audits and verifications throughout the year. These included document review, questionnaires, interviews and onsite verification of compliance.



C-NLOPB's Director of Environmental Protection attended the International Offshore Petroleum Environmental Regulators Annual General Meeting in Norway in 2022.

Table 10: Environmental Audits and Offshore and Onshore Verification Activities during 2022-23

OPERATOR	DATE	LOCATION	ACTIVITY
Cenovus Energy	September 2022 - March 2023	SeaRose FPSO	Audit of management systems and processes related to maintenance and integrity of environmentally critical equipment, associated with operations.
Cenovus Energy	January 2023 - March 2023	SeaRose FPSO	Onsite verification of general environmental compliance.
EMCL	July 2022	Onshore	Preauthorization verification of bird monitoring programs and observer qualifications in advance of 2022 exploration drilling campaign.
EMCL	July 2022	Stena Forth MODU	Onsite verification for bird monitoring activities during the 2022 exploration drilling campaign.
EMCL	July 2022 – September 2022	Stena Forth MODU	Audit of discharge and other waste management.
EMCP	February 2023 – ongoing	Hebron Platform	Audit of procedural compliance and equipment management for discharges associated with drilling and production operations.
EMCP	April 2022	Hebron Platform	Onsite verification of spill response capabilities.
EMGS	September 2022	Onshore	Preauthorization verification of bird monitoring program and observer qualifications for a CSEM program.
Equinor	May 2022	Onshore	Preauthorization verification of bird monitoring requirements during 2022 exploration drilling campaign.
Equinor	June 2022	West Hercules MODU	Onsite verification of bird monitoring activities during 2022 exploration drilling campaign.
Equinor	September 2022 – October 2022	West Hercules MODU	Audit of discharge and other waste management.
Equinor	October 2022 – November 2022	West Hercules MODU	Onsite verification of spill response capabilities during 2022 exploration drilling campaign.
HMDC	August 2022	Hibernia Platform	Preauthorization verification prior to Hibernia Drilling Restart program.
HMDC	January 2023 – ongoing	Hibernia Platform	Audit of procedural compliance and equipment management for discharges associated with drilling and production operations.
MKI AS	May 2022	Onshore	Preauthorization verification of bird monitoring programs and observer qualifications for 2022 seismic program.

Environmental Protection staff undertook enhanced communications with the Fish, Food and Allied Workers during the 2022 seismic season, to ensure that potential issues between seismic Operators and fishers were brought to the attention of the C-NLOPB in a timely manner.

ENVIRONMENTAL EFFECTS MONITORING

Environmental Effects Monitoring (EEM) is used to determine the effects of ongoing industrial activity on the natural environment. In the Offshore Area, EEM has been undertaken for development drilling and production operations because of the greater variety and volume of their regulated discharges, such as produced water and the length of time they remain in the Offshore Area. EEM surveys are initiated during the first full year of offshore development drilling and are executed annually for at least two additional years, becoming biennial thereafter. The C-NLOPB and federal and provincial environment and fisheries departments review the design of each EEM program and the detailed reports from each program.

During the reporting period, staff continued to review EEM reports for all producing Operators. Reviews of HMDC's Hibernia and Hibernia South Projects, 2020; Cenovus Energy's White Rose Project, 2020; Suncor's Terra Nova Project, 2020; and ExxonMobil Canada's Hebron Project, 2020 programs were completed during the reporting period. Additionally, design plans for the Hibernia and Hebron fields were modified. Completed EEM program reports and plans are available on the C-NLOPB website.⁹

ENVIRONMENTAL STUDIES RESEARCH FUND

The Environmental Studies Research Fund (ESRF)¹⁰ is a national research program that sponsors environmental and social studies pertaining to the manner in which, and to the terms and conditions under which, petroleum exploration, development, and production activities on frontier lands should be conducted. Funding is provided through levies on frontier lands paid by interest holders. The ESRF is directed by 12-member Management Board which has representation from the federal government, C-NLOPB, Canada-Nova Scotia Offshore Petroleum Board (CNSOPB), oil and gas industry and the general public.

The following research projects were ongoing or completed, at the end of the reporting period:

- Assessment of the Potential Risks of Seismic Surveys to Affect Groundfish Resources (ESRF Project 2018-01S);
- Atlantic Salmon in the Eastern Canadian Offshore Regions (ESRF Project 2019-01S);
- Laying the Groundwork: Enhancing Cross Cultural Understanding through Two-Eyed Seeing (ESRF Project 2020-01S);
- Leach's Storm Petrel Tagging (ESRF Project 2020-02S);
- Seabirds Population Model (ESRF Project 2021-01S);
- Literature reviews on seabird attraction to artificial light and seabird detection methods for east coast offshore oil and gas installations; and
- Using undersea autonomous glider technology to monitor marine mammals and ship noise in the eastern Beaufort Sea.

⁹ <https://www.cnlopbc.ca/environment/projects/>

¹⁰ <https://www.esrfunds.org>

GREENHOUSE GAS EMISSIONS

ADMINISTRATION OF THE MANAGEMENT OF GREENHOUSE GAS ACT MOU

As per the Administration of the **Management of Greenhouse Gas Act (MGGA)** Memorandum of Understanding (MOU) between the C-NLOPB and the Newfoundland and Labrador provincial government, the C-NLOPB is responsible for reviewing emission reports submitted annually by Operators in the Offshore Area, to ensure they comply with the **MGGA** and regulations. Operators of each facility are required to submit an annual report no later than June 1 of the following calendar year, a verification report completed by a certified verification body no later than September 1 of the following calendar year, and a compliance report no later than November 1 of the following calendar year to the C-NLOPB. These reports are analyzed upon receipt for completeness, accuracy and regulatory compliance. Once the review process is complete and the reports are deemed satisfactory, staff provide this information to the Provincial Department of Environment and Climate Change.

VERIFICATION

An annual site visit to each facility is required as a part of the verification process. A third-party verification body conducted an onsite visit to the **SeaRose** FPSO, **Hibernia** Platform and **Hebron** Platform in July 2022. There was no visit required for the **Terra Nova** FPSO as it was outside of C-NLOPB jurisdiction during the reporting year, while undergoing ALE maintenance.

ADDITIONAL C-NLOPB RESPONSIBILITIES

In addition to the responsibilities outlined in the above mentioned MOU, C-NLOPB staff:

- collect emissions data for the current year on a quarterly basis in order to benchmark performance with yearly targets;
- collect all greenhouse gas (GHG) emissions data from exploration and development drilling and production activities from Operators, including venting and fugitive emissions;
- review EPPs to ensure Operators have included a periodic review of the management strategy and technology associated with emissions from offshore activities;
- review Development Plan submissions for proposed offshore installation GHG emissions, along with the proposed management approach and technology to be implemented to reduce emissions to the lowest amounts achievable, without compromising safety of operations;
- set and approve flaring and venting limits for offshore production facilities;
- provide guidance to Operators through the C-NLOPB's **Offshore Waste Treatment Guidelines**;
- play a lead role in verifying Operator compliance with all Decision Statement Conditions pursuant to federal project-specific Environmental Assessments or Impact Assessments that refer directly to mitigating GHGs;

- participate in the Newfoundland and Labrador Oil and Gas Task Force - Energy Transition Working Group. This Working Group is responsible for publishing a report on how the Newfoundland and Labrador oil and gas industry can optimize the use of technology and innovation to meet current energy needs, while at the same time improving safety, reducing carbon emissions and remaining competitive in a net zero future. Focus areas for the Offshore Area include emissions reduction, efficiencies, electrification and digitization, Carbon Capture and Storage (CCS) and hydrogen economy;
- participate in the Global Offshore Wind Regulators Forum whose purpose is to share information between governments with planning and regulatory responsibilities for offshore wind energy. This involves participation from lead government planners and regulators representing both experienced and emerging markets in the offshore wind sector. The Forum provides international regulators with a venue to exchange and enhance collective expertise; discuss regulatory approaches and best practices; exchange scientific, technical and environmental information; and discuss industry trends and market developments;
- are permanent observers for Canada of the North Sea Offshore Authorities Forum CCS Network. This consists of representatives from competent authorities for the regulation or supervision of CCS in the North Sea. The current membership represents Denmark, Germany, Ireland, Netherlands, Norway and the United Kingdom. The purpose of the network is to share learnings from the supervision and regulatory framework for CO₂ transport and storage in the offshore area of the North Sea; and
- published the inaugural Annual Emissions Reduction Initiative Report, which outlines the work that has been undertaken by the oil and gas industry in the Offshore Area, towards GHG emissions reduction and achieving Net Zero.

GREENHOUSE GAS EMISSIONS FROM OFFSHORE FACILITIES

The following GHG emissions were reported for each producing facility in the Offshore Area, during the 2021 calendar year.

Table 11: Greenhouse Gas Emissions from Producing Facilities in 2021

FACILITY	GHG EMISSIONS (t CO ₂ e)	2021 PRODUCTION BARRELS (bbl)	CO ₂ EMISSIONS PER BARREL (kg/bbl)
Hebron Platform	454,643	50,565,206	8.99
Hibernia Platform	528,379	36,173,577	14.61
SeaRose FPSO	331,484	7,283,098	45.51
Terra Nova FPSO	0	0	N/A

Further information can be found through the Government of Newfoundland and Labrador's Department of Environment and Climate Change Greenhouse Gas Information Report.¹¹

¹¹ <https://www.gov.nl.ca/ecc/occ/greenhouse-gas-data/>

INDUSTRIAL BENEFITS

BENEFITS PLANS

In 2022-23, the offshore production activities of the Hibernia, Terra Nova, White Rose/North Amethyst and Hebron projects continued to be monitored for compliance with the approved benefits plan provisions in relation to contracting and employment, supply of goods and services, Research and Development (R&D) and Education, Training (E&T), and Diversity, Equity and Inclusion.

Staff reviewed and assessed benefits information for various offshore activities, including:

- bp Exploration Benefits Plan for the period 2022-2027;
- bp Benefits Plan Supplement, to conduct a seabed survey to inform future proposed exploration drilling in the West Orphan basin;
- Equinor Benefits Plan Supplement for the 2022 Exploration Drilling Campaign;
- ExxonMobil Benefits Plan Supplement for the 2022 Exploration Drilling Campaign;
- Suncor Benefits Plan Supplement, to support the Dive Support Vessel (DSV) **Seven Falcon** 2022 Subsea Project;
- EMGS Benefits Plan, to support the CSEM data acquisition program; and
- MKI AS Exploration Benefits Plan Supplement, to conduct a 3D seismic program during the 2022 season.

In addition, staff reviewed and responded to complaints from individuals and companies regarding Operator employment and procurement practices. The C-NLOPB's role in such reviews is to ensure that Operators have provided manufacturers, consultants, contractors and service companies in the province and other parts of Canada with a full and fair opportunity to participate on a competitive basis in the supply of goods and services. First consideration must be given to services provided from within the province and to goods manufactured in the province, where those services and goods are competitive in terms of fair market price, quality and delivery; and residents of the province must be given first consideration for training and employment.

EXPENDITURE AND EMPLOYMENT DATA

During the 2022 calendar year, Operators reported expenditures of \$2.7 billion related to work in the Offshore Area. Since 1966, cumulative expenditures total approximately \$73.8 billion.

As of December 31, 2022, there were 4,242 Newfoundland and Labrador and other Canadian residents working in direct support of petroleum-related activity in the Offshore Area. During the 2022 calendar year, approximately \$514.6 million was spent on exploration programs generating approximately 2,040 person-months of employment. Ongoing production activities accounted for expenditures of \$1.82 billion in 2022, of which approximately 53 percent of annual expenditures occurred in Newfoundland and Labrador and a further 16 percent in the rest of Canada.

The following tables summarize the participation of Newfoundland and Labrador residents and other Canadians in the production phase at the Hibernia, Terra Nova, White Rose/North Amethyst and Hebron projects, as well as the West White Rose construction phase.

HEBRON

EMCP reported expenditures of approximately \$585 million in the 2022 calendar year, with 76 percent Canadian content including 58 percent Newfoundland and Labrador content.

As of December 31, 2022, total direct employment in the province in support of the Hebron project was 1,169 persons. Of this amount, 93 percent of the workers were Newfoundland and Labrador residents at the time of hire and three percent were other Canadian residents.

Table 12: Hebron Employment (as of December 31, 2022)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	507	19	19	545
Offshore Operations	586	18	20	624
Total	1,093	37	39	1,169

HIBERNIA

HMDC reported expenditures of approximately \$421 million in the 2022 calendar year, with 83 percent Canadian content including 61 percent Newfoundland and Labrador content.

As of December 31, 2022, total direct employment in the province in support of the Hibernia project was 1,181 persons. Of this amount, 94 percent of the workers were Newfoundland and Labrador residents at the time of hire and two percent were other Canadian residents.

Table 13: Hibernia Employment (as of December 31, 2022)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	447	9	21	477
Offshore Operations	667	19	18	704
Total	1,114	28	39	1,181

TERRA NOVA

Suncor Energy reported expenditures of approximately \$604 million in the 2022 calendar year, with 52 percent Canadian content including 43 percent Newfoundland and Labrador content.

As of December 31, 2022, total direct employment in support of the Terra Nova project was 742 persons. At the time of hire, 88 percent of this total were Newfoundland and Labrador residents and six percent were other Canadian residents.

Table 14: Terra Nova Employment (as of December 31, 2022)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	582	37	41	660
Offshore Operations	76	4	2	82
Total	658	41	43	742

WHITE ROSE/NORTH AMETHYST/WEST WHITE ROSE

Cenovus Energy reported expenditures of approximately \$471 million in the 2022 calendar year, with 67 percent Canadian content including 50 percent Newfoundland and Labrador content.

As of December 31, 2022, total direct employment in support of the White Rose/North Amethyst/West White Rose projects was 1,431 persons. At the time of hire, 75 percent of this total were Newfoundland and Labrador residents and three percent were other Canadian residents.

Table 15: White Rose/North Amethyst/West White Rose Employment (as of December 31, 2022)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	821	34	299	1,154
Offshore Operations	254	13	10	277
Total	1,075	47	309	1,431

RESEARCH AND DEVELOPMENT, EDUCATION AND TRAINING

The C-NLOPB continued to monitor Operator obligations to carry out R&D and E&T in the province. Before making R&D and/or E&T expenditures, Operators may submit proposed projects to the C-NLOPB for determination of eligibility under the C-NLOPB's **Benefits Plan Guidelines**. There were 14 R&D/E&T applications submitted during 2022-23. These applications account for approximately \$9.8 million in potential in-province R&D/E&T funding. Select areas of interest related to submitted applications include:

- Helideck-Level Wind Monitoring and Prediction;
- Development of Ducted Fan Unmanned Aerial System;
- Prevention of Reservoir Souring Through Sulfidogenesis Inhibition;
- Post Combustion Carbon Capture and Sequestration;
- Supplementation of Platform Main Power with Floating Offshore Wind Turbines;
- Robotics Program for Offshore Facilities;
- Mooring Chain Inspection Tool Field Testing; and
- Sea Ice Floe Size Analysis.

R&D/E&T expenditures for the 2021 calendar year were reviewed in 2022 to determine eligibility under the C-NLOPB's guidelines. Based on a review of work expenditure reports, it was determined that approximately \$15 million was spent on eligible R&D and E&T, bringing the total expenditure to approximately \$660 million since the C-NLOPB's **Guidelines for Research and Development Expenditures** came into effect on April 1, 2004. A breakdown of expenditures for the 2022 calendar year can be found on the C-NLOPB's website. Updates to these expenditures will be posted on an annual basis and can be found on the C-NLOPB website.¹²

DIVERSITY INITIATIVES

In 2022-23, staff reviewed diversity initiatives for various offshore activities as part of the approved benefits plan provisions in relation to Diversity, Equity and Inclusion. A number of efforts were implemented by Operators to facilitate access to training and employment opportunities, as well as participation in the supply of goods and services, by designated individuals and groups. In the context of a diversity plan, designated individuals or groups are considered to include: women, aboriginal groups, persons with disabilities and members of visible minorities.

Operators carried out various activities in 2022, including the following programming and relevant initiatives:

- Invested in community-based programming to foster skills development, such as Let's Talk Science, Women in Resource Development Corporation, Indigenous Youth Gathering Conference, and InclusionNL;
- Provided scholarship funding for applicants from the four designated groups (administered by Memorial University, College of the North Atlantic, and the Coalition of Persons with Disabilities NL);

¹²<https://www.cnlopb.ca/benefits/expenditure/>

- Engaged with community organizations to identify diverse candidates and promote equity in the recruitment and selection process;
- Facilitated business access for diverse suppliers through certifying organizations such as the Canadian Aboriginal and Minority Supplier Council, Canada’s LGBT+ Chamber of Commerce, and Women Business Enterprises Canada Council;
- Participated in inclusion and diversity awareness training; and
- Monitored and supported contractors’ diversity initiatives, including recruitment and efforts to foster supportive work environments.

For further information, the C-NLOPB Quarterly Industrial Benefits Report, which includes information such as Operator project employment, expenditures and contract information, can be found on the C-NLOPB website.¹³



SeaRose FPSO

¹³ <https://www.cnlopb.ca/benefits/operator/>

OFFSHORE OPERATIONS

WELL OPERATIONS

Regulatory oversight of industry’s well operations is an important function of the C-NLOPB. Well operations activities may be approved in the form of an Approval to Drill a Well (ADW) in relation to the initial drilling of a well, or an Approval to Alter the Condition of a Well (ACW) where an Operator re-enters a well to perform any subsequent well operation. This can include a well intervention, workover operation, completion, re-completion, suspension or abandonment. In the case of well termination operations, these activities are also assessed to verify that the completion, plugging and abandonment and suspension operations conform to regulatory requirements, particularly in relation to the dual well barrier requirement.

OPERATIONS AUTHORIZATIONS

During the review of OA applications received from Operators, C-NLOPB staff provide technical support and assess Operator drilling, well integrity and preventative maintenance related policies and procedures.

During 2022-23, the following OA applications were approved or remained undergoing review:

Table 16: Operation Authorizations Approved or Undergoing Review during 2022-23

OPERATOR	INSTALLATION	TYPE OF OA	APPROVED/UNDER REVIEW
bp	M/V Stena IceMax	Exploration Drilling*	Under Review
EMCL	Hercules MODU	Exploration Drilling Amendment*	Under Review
EMCL	Stena Forth MODU	Exploration Drilling Amendment*	Approved
Equinor	West Hercules MODU	Exploration Drilling Amendment*	Approved
HMDC	Hibernia Platform	Drilling and Production Renewal	Approved
Suncor Energy	Terra Nova FPSO	Preservation	Under Review

*Special Oversight applied

During 2022-23, six development wells and four deepwater exploration wells were drilled. Special Oversight Measures were applied by the C-NLOPB to the deepwater exploration programs with a focus on pressure surveillance practices, plugging and abandonment procedures and well control measures.

During the fiscal year, staff continued discussions with Equinor regarding the Bay du Nord Project and participated in subsea infrastructure, well barrier management and drilling and completions sessions with the Operator, to prepare for a potential 2023 Development Plan submission.

PRODUCTION OPERATIONS

Regulatory oversight of production operations is another important function of the C-NLOPB. Staff continued to provide technical support during safety assessment reviews and conducted ongoing monitoring of offshore production facilities. During the past year, C-NLOPB staff conducted ALE reviews for the **Hibernia** Platform, **SeaRose** FPSO and **Terra Nova** FPSO and held monthly meetings with Operators to discuss any risk-based issues.

Staff continue to monitor operations for EMCP’s Onshore Control Room (OCR) for the **Hebron** Platform. Incident reports associated with the OCR are reviewed by the C-NLOPB with corrective actions taken by the Operator, tracked to closure. During the reporting period, C-NLOPB staff began preparing for an audit of OCR operations, planned for 2023-24.

DEVELOPMENT WELL INTEGRITY MONITORING

During the reporting period, the C-NLOPB continued to assess quarterly reports submitted by Operators on the integrity status of all development wells within the Offshore Area, to be satisfied that Operators were maintaining well integrity to the highest standards. During 2022-23, 97.8 percent of development wells had a healthy well status, with two new well integrity impairments. Staff continued to verify that Operators either addressed and corrected the impairment, or had additional mitigations and monitoring plans in place while progressing plans toward repairs.

Table 17 lists the oversight activities of well operations completed during 2022-23:

Table 17: Well Operations Oversight Activity for 2022-23

ACTIVITY	NUMBER COMPLETED
ACWs	18
ADWs	7
Development Wells - Integrity Monitoring	182
OA Operational Safety Assessments	2
Operational Audits/Inspections	1
Production Operations Oversight Meetings	45
Wells Subject to Special Oversight	4
Well Operations Monitored	39
Well Termination Notifications	15

REGIONAL TECHNICAL COLLABORATION

During 2022-23, a technical committee of C-NLOPB and industry personnel was established to progress work on a regional best practice document, related to source control in well planning for subsea wells.

CERTIFICATION OVERSIGHT

During the fiscal year, C-NLOPB staff continued to assess proposed Scopes of Work (SOW) that described the verification activities that Certifying Authorities (CA) were required to conduct in order to issue and maintain Certificates of Fitness for vessels and installations operating in the Offshore Area. These were assessed for compliance and then presented to the CSO for approval as required by the legislation. During the reporting period, C-NLOPB staff reviewed and assessed revised SOW for the following:

- **DSV Seven Falcon**
- **Stena Forth MODU**
- **Terra Nova FPSO**
- **West Hercules MODU**

As part of the ongoing oversight of certification activities, staff also reviewed CA reports, met regularly with CAs and attended CA surveys. Specific oversight by C-NLOPB staff was also conducted of CA Lloyd's Register (LR) prior to resumption of drilling on the **Hibernia** Platform.

Table 18: C-NLOPB Oversight of Certifying Authority Activity for 2022-23

ACTIVITY	NUMBER COMPLETED
Oversight Meetings	71
Oversight of CA Installation Verification	5
SOW Assessments	4

Table 19: Installations Monitored for Certifying Authority Activity in 2022-23

INSTALLATION NAME	INSTALLATION TYPE	CERTIFYING AUTHORITY
DSV Seven Falcon	Diving	Det Norske Veritas (DNV)
Hebron Platform	Production	LR
Hibernia Platform	Production	LR
SeaRose FPSO	Production	DNV
Stena Forth MODU	Drilling	DNV
Terra Nova FPSO	Production	LR
West Hercules MODU	Drilling	DNV
West White Rose Project	Production	LR

CAs also undertake verification activities as Class Societies and as Delegated Authorities on behalf of Flag States. In the context of DNV and LR as delegated authorities for Canadian Flagged installations, C-NLOPB staff continued to work with Transport Canada Marine Safety and Security during 2022-23, to share information on mutual matters of interest related to marine safety.

The move toward primarily performance-based **Framework Regulations** through the Frontier and Offshore Regulatory Renewal Initiative, has identified requirements for Certification Plans (CPs) that would contain details which CAs would undertake verification activity against, and reference in SOW. During the reporting period, staff developed a draft internal process to enable effective and efficient interdepartmental review of CPs, as detailed in Canada Gazette (CG) 1 of the **Framework Regulations**. Discussions continue with industry regarding this new requirement.

ASSET LIFE EXTENSION

During the reporting period, staff continued to monitor Suncor Energy's execution of the **Terra Nova** FPSO ALE plan. The **Terra Nova** FPSO returned to Newfoundland in February 2023 from Spain and as of March 31, 2023 Suncor Energy was completing the remainder of the ALE work, prior to returning to offshore production.

Preliminary ALE plans for the **SeaRose** FPSO and **Hibernia** Platform were received from Cenovus Energy and HMDC respectfully, and are currently under review.

C-NLOPB REGULATORY REFORM PROJECT TEAM

Following an external public consultation, the C-NLOPB's Regulatory Reform Project Team, with participation from staff of the CNSOPB, issued a new joint C-NLOPB/CNSOPB joint **Guideline for the OHS Regulations** in June 2022. In the same month, Natural Resources Canada also released the CG1 version of the **Framework Regulations** which staff provided feedback on. In August 2022, staff updated the C-NLOPB **Development Plan Guidelines**, following an external public consultation. For the remainder of 2022-23, staff focused on progressing the development of guidance associated with the proposed **Framework Regulations**. Internal training and awareness associated with the new **Framework Regulations** and **OHS Regulations** has continued during the reporting period, as well as updates to processes, documents and website content. In 2022-23, C-NLOPB staff also drafted several Regulatory Roadmaps which will be used to provide assistance to Operators when submitting OA applications. These Roadmaps will be made available publicly in the near future.

Table 20 highlights existing guidelines that require updates as a result of the new **Framework Regulations**. There are other regulatory instruments (e.g. interpretation notes, codes of practice, etc.) that are also being updated or consolidated, but as the changes are not considered significant they are not listed in the table below. Industry continues to be engaged and updated on these efforts through quarterly meetings held between the C-NLOPB and the Canadian Association of Petroleum Producers.

Table 20: List of Key Existing Guidelines Requiring Revision

NAME OF GUIDELINE
Data Acquisition and Reporting Guideline
Environmental Protection Plan Guideline
Geophysical, Geological, Environmental and Geotechnical Program Guideline (will be converted into a Regulatory Roadmap)
Incident Reporting and Investigation Guideline
OHS Guideline (will be updated to reflect the change to Framework Regulations)
Physical Environmental Program Guideline
Safety Plan Guideline

RIGHTS MANAGEMENT

CALLS FOR NOMINATIONS

Pursuant to the Scheduled Land Tenure System, the C-NLOPB issued the following Call for Nominations during the 2022-23 fiscal year.¹⁴

Table 21: Calls for Nominations during 2022-23

CALL FOR NOMINATIONS	ISSUANCE DATE	CLOSING DATE
NL22-CFN02 (Parcels – JDA)	September 20, 2022	November 9, 2022

CALLS FOR BIDS

Pursuant to the Scheduled Land Tenure System, the following Calls for Bids were offered during the 2022-23 fiscal year.

Table 22: Active Calls for Bids during 2022-23

CALLS FOR BIDS	PARCELS OFFERED	PARCELS AWARDED	CLOSING DATE	SUCCESSFUL BID (WORK EXPENDITURE COMMITMENTS)
NL22-CFB01 (EN)	28	5	November 2, 2022	\$238,075,321
NL22-CFB02 (SEN)	10	0	November 2, 2022	Nil

STATUS OF LICENCES

The C-NLOPB issues land rights in the form of Exploration Licences (EL), Significant Discovery Licences (SDL) and Production Licences (PL). In the 2022-23 fiscal year, five ELs were issued from the Call for Bids licencing round and two new consolidated ELs were issued. One SDL was issued, one EL expired and eight ELs were surrendered.¹⁵

As of March 31, 2023 there were 18 ELs, 59 SDLs and 12 PLs in the Offshore Area.

¹⁴ <https://www.cnlopb.ca/exploration/issuance/>

¹⁵ <https://www.cnlopb.ca/wp-content/uploads/eldfr-1.pdf>

OPERATING LICENCES

Any person planning to undertake any petroleum-related work or activity in the Offshore Area must obtain an Operating Licence (OL). Table 23 shows the 16 OLs issued by the C-NLOPB during the 2022-23 fiscal year.

Table 23: Operating Licences Issued during Fiscal Year 2022-23

OPERATING LICENCE	OPERATOR
OL 2201	Equinor Canada Ltd.
OL 2202	Suncor Energy Inc.
OL 2203	BP Canada Energy Group ULC
OL 2204	ExxonMobil Canada Ltd.
OL 2205	ExxonMobil Canada Ltd., as Managing Partner for ExxonMobil Canada Properties
OL 2206	Multiklient Invest AS
OL 2207	Imperial Oil Resources Limited
OL 2208	BHP Petroleum (New Ventures) Corporation
OL 2209	WesternGeco Canada, a division of Schlumberger Canada Limited
OL 2210	Hibernia Management and Development Company Ltd.
OL 2211	Cenovus Energy Energy Inc.
OL 2212	Chevron Canada Limited
OL 2213	Chevron Canada Limited, as Managing Partner for Chevron Canada Resources
OL 2214	Fugro Canada Corp.
OL 2215	Shoal Point Energy Ltd.
OL 2216	Electromagnetic Geoservices Canada Inc.

FUNDS COLLECTED AND RECORDED

Under the **Accord Acts**, the C-NLOPB is responsible for the collection of certain fees, forfeitures and rentals. In 2022-23, \$39,237,559.70 was collected and recorded on behalf of the Receiver General for Canada.

Table 24: Funds Collected and Recorded on Behalf of the Receiver General for Fiscal Year 2022-23

FEES, FORFEITURES AND RENTALS	AMOUNT COLLECTED
Access to Information Requests	\$0.00
Administrative Monetary Penalty fees	\$16,000.00
Forfeitures (Drilling Deposits)	\$0.00
Forfeitures (Security Deposits)	\$36,961,596.83
Operating Licences	\$25.00
Registry Fees (New Licences)	\$18,000.00
Rentals	\$2,241,937.87
Total	\$39,237,559.70

Since its inception, the C-NLOPB has collected \$453,430,389.87 on behalf of the Crown for land tenure transactions. Further information on fees, forfeitures and rentals can be found on the C-NLOPB website.

MANAGEMENT OF RESOURCES

CORE STORAGE AND RESEARCH

The C-NLOPB's Core Storage and Research Centre (CSRC) archives core, cuttings, fluid samples, petrographic slides, biostratigraphic slides and other geological material derived from wells drilled in the Offshore Area. The CSRC provides public access to materials for studies and viewing once the legislated privilege period has expired.

GEOSCIENTIFIC PROGRAMS

Four geoscience programs without fieldwork covering two Land Tenure regions and various study types were approved during 2022-23, as shown in Table 25. The C-NLOPB reviewed and authorized four geoscientific programs with fieldwork in the Offshore Area in 2022-23, as detailed in Table 26.

Table 25: Geoscientific Programs without Fieldwork Authorized during 2022-23

COMPANY	STUDY TYPE	REGION
EMCL	Petrographic	JDA
MUN	Provenance	JDA
MUN	Reservoir Quality	JDA
OilCo	Biostratigraphic	EN

Table 26: Geoscientific Programs with Fieldwork Authorized during 2022-23

OPERATOR	PROGRAM	REGION	SEISMIC ACQUIRED	GRAVITY/MAGNETIC ACQUIRED	OTHER DATA
bp	Environmental/ROV Survey	EN	N/A	N/A	46.9 km - Video
EMCL	OA/ROV Survey (Suspended)	JDA	N/A	N/A	13.5 km - Video
EMGS	Geophysical/CSEM	EN	N/A	132.0 km	N/A
MKI AS	Geophysical/3D Seismic	SEN	8029.4 km ²	N/A	N/A

Key for Tables 25 and 26

3D = Three Dimensional	MKI AS = Multiklient Invest AS
bp = BP Canada Energy Group ULC	MUN = Memorial University of Newfoundland and Labrador
CSEM = Controlled Source Electromagnetics	OA = Operations Authorization
EMCL = ExxonMobil Canada Ltd.	OilCo = Oil & Gas Corporation of Newfoundland and Labrador
EMGS = Electromagnetic Geoservices Canada	ROV = Remote Operated Vehicle
EN = Eastern Newfoundland	SEN = South Eastern Newfoundland
JDA = Jeanne d'Arc	

PRODUCTION ACCOUNTING

Production volume data received from Operators is entered into production accounting software by C-NLOPB staff, reviewed for accuracy, formatted and compiled. This information is then provided to government officials and posted monthly to the C-NLOPB website. These reports include produced oil, gas and water volumes for each well found in all of the producing fields, located in the Offshore Area. The C-NLOPB is continuing to move to a more robust production accounting software to accommodate the increasing quantity of data generated from the Offshore Area.

PRODUCTION ACTIVITIES

As part of the C-NLOPB's mandate, the Resource Management Department provides oversight of Operator production activities for consistency with the goals of maximum recovery, adherence to good oilfield practice and accurate production accounting. Resource Management staff conduct daily monitoring and review monthly production data to ensure Operators are following their approved development plans. The following table shows production for each field in the Offshore Area during 2022-23.

Table 27: Field Production Statistics for 2022-23

FIELD	PRODUCTION			GAS DISPOSITION				WATER INJECTED	DAILY OIL AVERAGE
	Oil	Gas	Water	Flared	Fuel	Injected	Lift		
	MMbbl	Bscf	MMbbl	Bscf	Bscf	Bscf	Bscf	MMbbl	bbl
Hibernia	25.45	79.21	44.02	1.70	4.72	72.79	11.70	69.15	69,759
Terra Nova	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
White Rose	4.70	35.25	4.63	0.94	3.19	28.18	10.00	5.17	12,906
North Amethyst	1.51	6.19	11.60	0.17	0.56	4.87	7.09	4.38	4,176
Hebron	49.70	15.80	21.03	0.27	5.85	13.52	26.21	80.13	136,061

Note: North Amethyst gas injection goes into White Rose Field.

Table 28 shows total cumulative production for each field up to March 31, 2023.

Table 28: Field Production Statistics Cumulative to March 31, 2023

FIELD	PRODUCTION			GAS DISPOSITION				WATER INJECTED
	Oil	Gas	Water	Flared	Fuel	Injected	Lift	
	MMbbl	Bscf	MMbbl	Bscf	Bscf	Bscf	Bscf	
Hibernia	1,245.84	2,198.24	773.21	105.09	133.73	1,959.33	56.29	1,942.98
Terra Nova	425.03	842.35	378.15	64.65	75.27	702.43	144.52	810.58
White Rose	265.32	419.16	171.90	41.53	52.85	317.44	159.30	565.70
North Amethyst	59.47	59.49	112.58	4.57	9.10	44.64	76.70	148.88
Hebron	227.86	91.88	42.37	10.45	28.20	57.08	83.77	268.08

Note: North Amethyst gas injection goes into White Rose Field.

MEASUREMENT AUDITS AND WITNESSING

The C-NLOPB is responsible for witnessing annual fiscal metering recertification and calibrations on all production facilities. The meter prover package is used to ensure that fiscal meters used for measuring volumes of oil and gas offloaded to transport tankers remain within an accuracy of +/- 0.25 percent. The accuracy of these meters is critically important as they are used in royalty calculations by the provincial government. The C-NLOPB receives monthly reports, which are analyzed upon receipt for completeness, accuracy and regulatory compliance. Once the review process is complete and the reports are deemed satisfactory, staff develop and provide the reports to federal and provincial governments who use this data to calculate royalties.

During the reporting period, recertification and calibration witnessing took place virtually for the **Hebron** and **Hibernia** Platforms. Cenovus Energy was granted an extension for the **SeaRose** FPSO master meter recertification, with witnessing to take place in the spring of 2023. Suncor Energy did not conduct recertification of the **Terra Nova** FPSO's fiscal package during 2022-23, as it was undergoing ALE work and was not producing.

REGULATORY INITIATIVES AND COORDINATION

REGULATORY PROCESS IMPROVEMENTS

A number of regulatory process improvements were initiated by C-NLOPB staff in 2022-23. The regulatory process improvements initiated over the past two years are also in line with recommendations arising from the Newfoundland and Labrador Oil and Gas Industry Recovery Task Force (OGIRTF)¹⁶.

C-NLOPB staff have made presentations to companies actively planning exploratory drilling in 2023 regarding C-NLOPB rig intake and authorization processes. Staff have also incorporated lessons learned and have ensured process improvements have been incorporated for future programs. No significant issues with the rig intake process are anticipated for exploratory drilling programs planned for 2023.

During 2022-23, C-NLOPB staff also drafted a Regulatory Roadmap to provide assistance to Operators planning or contemplating exploratory drilling to help clarify the rig intake and authorization process, and will be posted to the C-NLOPB website when complete.

PUBLIC CONSULTATIONS

During the reporting period, the following guidelines were finalized following public consultations and posted to the C-NLOPB website:

- **Benefits Plan Guidelines;**
- **Development Plan Guideline;** and
- **Guideline for the Occupational Health and Safety Regulations.**

A public consultation was also conducted on the Hebron Jeanne d’Arc Formation Development Plan Amendment Application, with a deadline of March 31, 2023.

MEMORANDA OF UNDERSTANDING

Through an MOU signed in August 2022, the C-NLOPB and the Canadian Coast Guard have agreed to share data and information related to spill response operations and activities. As part of the implementation of the MOU, the two parties will develop an annual Work Plan and hold an annual planning meeting where information will be shared and spill-related training and exercise opportunities identified.

¹⁶ https://www.gov.nl.ca/iet/files/NL-Oil-and-Gas-Industry-Recovery-Taskforce-March-12_2021_FINALfor-submission.pdf

AUTHORIZATIONS

During 2022-23, C-NLOPB staff coordinated the issuance of four operations authorizations, two amendments to preform exploration drilling and an additional 23 amendments to authorizations.

Table 29: Authorizations and Amendments Issued by the C-NLOPB during 2022-23

OPERATOR	AUTHORIZATION TYPE	INSTALLATION/VESSEL
Equinor	Exploration Drilling Authorization	West Hercules MODU
EMCL	Exploration Drilling Authorization	Stena Forth MODU
EMGS	Controlled Source Electromagnetic Program	M/V Ramform Titan
HMDC	OA Renewal	Hibernia Platform
MKI AS	Geophysical OA	M/V Ramform Titan
Suncor	Diving Program Authorization	M/V Seven Falcon



Hebron Platform

The following table shows all regulatory review, licensing, auditing and approved activities for the C-NLOPB during the 2022-23 fiscal year.

Table 30: Regulatory Review, Licensing, Auditing and Approval Activities for 2022-23

ACTIVITY	NUMBER
Application for Regulatory Equivalency	23
Approval to Alter the Condition of a Well	18
Approval to Drill a Well	7
Benefits Plan Approval (new or amended)	7
Commingled Production Approval	0
Diving Program Authorization	1
Environmental Assessment (new, amended or updated)	6
Environmental Audit and Inspection	1
Environmental Program Authorization	4
Exploration Licence (new or amended)	15
Field Data Acquisition Program Approval	1
Flow System Application Approval	0
Flow System (Metering) Audit/Witness	2
Greenhouse Gas Audit/Witness	0
Formation Flow Test Program Approval	3
Gas Flaring Approval	4
Geological Program (without fieldwork)	3
Geological Program (with fieldwork)	4
Geophysical Operations Authorization (with fieldwork)	4
Geophysical Program Authorization (without fieldwork)	0
Geotechnical Program Authorization	2
Notice of Non-Compliance/Non-Conformance	2
Offshore Worker Complaints Processed	0
Operations Authorization (new or amended)	27
Operating Licence	1
Operational Waiver/Deviation from an Approved Well Data Acquisition Program	1
Pooling Designation	7
Production Licence (new or amended)	1
Regional Assessment (new or ongoing)	7
Safety Assessment	0
Safety Audit/Inspection	1
Significant Discovery Licence (new or amended)	20
Strategic Environmental Assessment (new or ongoing)	20

DIGITALIZATION AND ANALYTICS

DIGILIZATION INITIATIVES

C-NLOPB staff are working on a number of initiatives related to innovative regulatory oversight in support of modernization as the industry moves toward advanced digital technologies. Focused on safety, environmental protection, and emissions reduction, the opportunity for Operators to increase efficiency and effectiveness in these and other areas continues to drive their integration in new and existing operations.

While creating significant opportunities, the regulation of advanced digital technologies generates new challenges and expectations for the C-NLOPB. Working with Operators, governments, stakeholders and other regulatory colleagues across Canada and around the world, C-NLOPB staff are focused on the assessment and oversight of these technologies. The C-NLOPB is committed to Operator accountability and safe, environmentally sound implementation in this area, achieving measurable performance that is equal/greater than that currently in use.

With respect to regulatory oversight in this area, the C-NLOPB's current priorities include:

- regulatory equivalency of new digital technologies;
- training, competency and human factors;
- data and information management;
- cyber security; and
- local digitalization ecosystem.

The C-NLOPB continues to progress key relationships and initiatives to support and expand knowledge in these and other digitalization areas. Several ongoing external initiatives include collaboration with the International Regulators' Forum (IRF)¹⁷ with a focus on human-factors and cyber security and the Offshore Energy Digitalization Forum, an initiative stemming from Recommendation 26 of the OGIRTF. The OGIRTF is focused on the multi-stakeholder sharing of information and best practices and the identification of digitalization priorities, opportunities and gaps/risks. The C-NLOPB is committed to the growth in capacity and capability of the local digital ecosystem.

DIGITAL TECHNOLOGY IMPLEMENTATION

The C-NLOPB recognizes the need for continued modernization and growth of capacity and capabilities and is focused on the implementation of digital technologies to enable increased efficiency, effectiveness and analytical capability, allowing for improved regulatory outcomes and enhanced oversight.

¹⁷ <https://irfoffshoresafety.com/>

During 2022-23, staff continued to progress the assessment, prioritization, planning and implementation of the following digitalization projects:

- **Data and Information Hub**
 - New data and information types continue to be added regularly.
- **Data and Information Security Classification**
 - The C-NLOPB finalized an updated policy for Data and Information Security Classification which ranks the sensitivity and criticality of data and information.
- **Data Management System**
 - The Data Management System (DMS) will house data related to offshore activities, including upcoming renewable energy projects. The DMS increases data management efficiencies and availabilities and provides additional capabilities in data analysis and analytics. The new DSM will be cloud based and will modernize data and information submission and access.
- **Electronic Document Management Systems Upgrade**
 - To be completed in 2023-24, the upgrade will introduce advanced features and efficiencies to support internal information management across all C-NLOPB operations.
- **Electronic Filing Platform for Financial Instruments**
 - Originally implemented in late 2021, this update will include the submission of Financial Responsibility evidence required by Operators in support of offshore activities, to demonstrate the capability to cover expenses in the event of an environmental incident.
- **Human Resources and Finance Systems Upgrade**
 - To enhance and modernize the existing systems, this update will implement an integrated digital solution providing increased efficiency through the automation of routine processes and new functionality.
- **Synergi Life**
 - To modernize the management of incidents, audits and inspections, Synergi Life will provide significant improvements in analysis and trend identification of safety data.

CORPORATE SERVICES

BUSINESS CONTINUITY PLAN

Throughout 2022-23, focus was placed on the refinement and development of various internal policies and business process documentation. C-NLOPB staff completed a significant update of the Business Continuity Plan, with a focus on disaster response and recovery to ensure that the C-NLOPB is well positioned in the case of a disruption to operations.

BUSINESS MANAGEMENT SYSTEM

During 2022-23, the C-NLOPB continued to work on the Business Management System and its core processes. The C-NLOPB also established several working groups to review and consolidate processes to facilitate common approaches to executing work activities.

INFORMATION TECHNOLOGY

Protecting Information Technology (IT) systems and data housed within those systems is a vital priority of the C-NLOPB. Focus continues to be placed on user awareness training to educate employees about cyber threats and cyber security protection practices. During 2022-23, IT established a three year digital technology strategy and end user device standard. IT continues to support C-NLOPB operations with planning, installation and implementation of various digitalization projects.



Terra Nova FPSO

INFORMATION AND DATA MANAGEMENT

C-NLOPB DATA AND INFORMATION HUB

The C-NLOPB receives and disseminates information relevant to work authorized in the Offshore Area, as Requests for Information are received and processed in the C-NLOPB Information Resources Centre. A substantive volume of technical information which has passed the non-disclosure period, may now be downloaded directly through the C-NLOPB Data and Information Hub¹⁸. All other requests and inquiries can continue to be submitted to information@cnlopb.ca.

During 2022-23, Eastern Canadian Commercial fishing layers, well-specific environmental reports, well LAS files and routine updates related to land tenure, wells, and geophysical programs were added to the Data and Information Hub.

REQUESTS FOR INFORMATION

During 2022-23, the C-NLOPB received 133 Requests for Information from external parties. These requests were primarily related to requests for non-privileged offshore petroleum technical data provided to the C-NLOPB by Operators and did not require formal applications under the **Access to Information Act (ATIA)**. Requests for Information received in 2022-23 can be found in the following table.

Table 31: Requests for Information Received in 2022-23

TYPE OF REQUEST	NUMBER OF REQUESTS
Educational Facility	10
Government of Canada	12
Government of Newfoundland and Labrador	19
Industry	80
Other	12
Total	133

ACCESS TO INFORMATION ACT

During 2022-23, the C-NLOPB closed five requests carried over from previous years, two formal requests and three consultation requests. The C-NLOPB did not receive any formal requests under the **ATIA** within the fiscal year. As required by the **ATIA**, a separate annual report on the C-NLOPB's administration of the **ATIA** is required annually, is tabled in Parliament and is posted to the C-NLOPB website¹⁹.

¹⁸ <https://home-cnlopb.hub.arcgis.com/>

¹⁹ <https://www.cnlopb.ca/information/atip/>

INTERNATIONAL COLLABORATION

INTERNATIONAL REGULATORS' FORUM

As the IRF Performance Measurement Project Lead, the C-NLOPB, along with the CNSOPB and Canada Energy Regulator, helped Canada champion the international discussion of industry performance by collecting data from member countries to measure, compare, and analyze offshore safety performance.

Hosted by Norway's Petroleum Safety Authority in Oslo, the in-person and virtual Annual General Meeting (AGM) was held in October 2022. Members, which include offshore petroleum health and safety regulatory leaders from each of its 11 member countries - Australia (Chair), Brazil, Canada, Denmark, Ireland, Mexico, the Netherlands, New Zealand, Norway, the United Kingdom, and the United State - reviewed industry performance indicators, discussed best practices and shared lessons learned. Key discussion topics focused on the core issue of the prevention of incidents in the offshore oil and gas industry across the whole asset lifecycle. The growing issues of energy security, offshore renewables, CCS and energy transition were also highlighted. The IRF agreed to expand its focus to include the safety of offshore renewable energy infrastructure.

The C-NLOPB and all other members continue to share a commitment to work together to promote improvements in health and safety to protect offshore workers and the environment.

INTERNATIONAL OFFSHORE PETROLEUM ENVIRONMENTAL REGULATORS

The C-NLOPB is a founding member of the International Offshore Petroleum Environmental Regulators (IOPER), a collaborative group of international regulators whose focus is to drive improvements to environmental performance in the global offshore petroleum exploration and production industry. During the reporting period, the C-NLOPB attended the IOPER AGM held in Oslo, Norway in October 2022. The IOPER Oil Spill Working Group and the Marine Sound Working Group continued work on their focused projects and staff participated in Working Group meetings during 2022.

IOPER members continue to share information concerning environmental impact research collaboration opportunities, decommissioning, and compliance and enforcement tool research. Further information is available through the IOPER website.²⁰

REGIONAL AND INTERNATIONAL TECHNICAL COLLABORATION

During the fiscal year, C-NLOPB staff met with Norway's Petroleum Safety Authority to share learnings related to harsh environment and remote offshore operations, and also continued to participate in the North Sea Offshore Authorities Forum (NSOAF) Wells Working and Health and Safety Group. The primary focus of these efforts was to network with regulatory counterparts to support awareness and share best regulatory practices in the areas of well operations, process safety and asset integrity. The NSOAF Health and Safety Group is finalizing a Multi National Audit Report on Maintaining Safe Operations with publication expected in 2023.

²⁰ <https://www.ioper.org>

C-NLOPB staff have also engaged internationally with LR and DNV to gain further knowledge in their renewable energy capabilities and have requested training opportunities in renewable energy and Carbon Capture, Utilization and Storage.



Hibernia Platform

APPENDIX: LIST OF ABBREVIATIONS AND UNITS

LIST OF ABBREVIATIONS

Accord Acts (Atlantic Accord Implementation Acts)
ACW (Alter the Condition of a Well)
Advisory Council (The Canada-Newfoundland and Labrador Offshore OHS Advisory Council)
ADW (Approval to Drill a Well)
AGM (Annual General Meeting)
ALE (Asset Life Extension)
ATIA (Access to Information Act)
bp (BP Canada Energy Group ULC)
CA (Certifying Authorities)
CCO (Chief Conservation Officer)
CCS (Carbon Capture and Storage)
CEAA 2012 (Canadian Environmental Assessment Act, 2012)
Cenovus Energy (Cenovus Energy Inc.)
CG (Canada Gazette)
C-NLOPB (Canada-Newfoundland and Labrador Offshore Petroleum Board)
CNSOPB (Canada Nova Scotia Offshore Petroleum Board)
CPs (Certification Plans)
CSEM (Controlled Source Electromagnetic Survey)
CSO (Chief Safety Officer)
CSRC (Core Storage and Research Centre)
CVM (Compliance Verification Matrix)
DMS (Data Management System)
DNV (Det Norske Veritas)
DSV (Dive Support Vessel)
E&T (Education and Training)
EA (Environmental Assessment)
EEM (Environmental Effects Monitoring)
EL (Exploration Licences)
EMCL (ExxonMobil Canada Limited)
EMCP (ExxonMobil Canada Properties)
EMGS (Electromagnetic Geoservices Canada, Inc.)
EN (Eastern Newfoundland)
EPP (Environmental Protection Plan)
Equinor (Equinor Canada Ltd.)
ESRF (Environmental Studies Research Fund)
FPSO (Floating, Production, Storage and Offloading Vessel)
Framework Regulations (Canada-Newfoundland and Labrador Offshore Area Petroleum Operations Framework Regulations)
GHG (Greenhouse gas)
HMDC (Hibernia Management Development Company Ltd.)
IAA (Impact Assessment Act)
IAAC (Impact Assessment Agency of Canada)

IAs (Impact Assessments)
IOPER (International Offshore Petroleum Environmental Regulators)
IRF (International Regulators' Forum)
IT (Information Technology)
JDA (Jeanne d'Arc)
LR (Lloyd's Register)
M/V (Motor Vessel)
MGGA (Management of Greenhouse Gas Act)
MKI AS (MultiKlient Invest AS)
MODU (Mobile Offshore Drilling Unit)
MOU (Memoranda of Understanding)
MUN (Memorial University of Newfoundland and Labrador)
NSOAF (North Sea Offshore Authorities Forum)
OA (Operations Authorization)
OCR (Onshore Control Room)
Offshore Area (Canada-Newfoundland and Labrador Offshore Area)
OGIRTF Oil and Gas Industry Recovery Task Force
OHS (Occupational Health and Safety)
OHS Regulations (Canada-Newfoundland and Labrador Offshore Area Occupational Health and Safety Regulations)
OilCo (Oil & Gas Corporation of Newfoundland and Labrador)
OL (Operating Licence)
PL (Production Licences)
R&D (Research and Development)
ROV (Remote Operated Vehicle)
RQ (Regulatory Query)
SDL (Significant Discovery Licences)
SEN (South Eastern Newfoundland)
SN (Southern Newfoundland)
Suncor Energy (Suncor Energy Inc.)
SOW (Scopes of Work)
Transocean (Transocean Canada Drilling Services Ltd.)

LIST OF UNITS

bbl (barrels)
bscf (billion standard cubic feet)
kg (Kilogram)
km (kilometres)
MMbbl (million barrels)
t CO₂ e (Tonnes of carbon dioxide equivalent)
t CO₂ e/hr (Tonnes of carbon dioxide emissions per hour)

FINANCIAL STATEMENTS

Financial Statements of

**CANADA - NEWFOUNDLAND AND
LABRADOR OFFSHORE PETROLEUM
BOARD**

And Independent Auditor's Report thereon

Year ended March 31, 2023



KPMG LLP
TD Place
140 Water St., Suite 1001
St. John's NL A1C 6H6
Canada
Tel 709-733-5000
Fax 709-733-5050

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Canada – Newfoundland and Labrador Offshore Petroleum Board

Opinion

We have audited the accompanying financial statements of Canada – Newfoundland and Labrador Offshore Petroleum Board (the Board), which comprise:

- the statement of financial position as at March 31, 2023
- the statement of operations for the year then ended
- the statement of changes in accumulated surplus for the year then ended
- the statement of net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

(Hereinafter referred to as the “financial statements”).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Canada – Newfoundland and Labrador Offshore Petroleum Board as at March 31, 2023, and its results of operations and the changes in its accumulated surplus and net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the “**Auditor's Responsibilities for the Audit of the Financial Statements**” section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



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- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

St. John's, Canada

May 26, 2023

Canada - Newfoundland and Labrador Offshore Petroleum Board

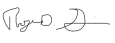
Statement of Financial Position

March 31, 2023 with comparative information for 2022

	2023	2022
Financial assets		
Cash and cash equivalents	\$ 21,340,586	\$ 17,598,547
Receivables (note 2)	417,637	1,895,764
	<u>21,758,223</u>	<u>19,494,311</u>
Liabilities		
Payables and accruals (note 3)	11,344,890	9,708,851
Accrued employee future benefit obligation (note 4)	13,393,200	12,657,300
	<u>24,738,090</u>	<u>22,366,151</u>
Net debt	(2,979,867)	(2,871,840)
Non-financial assets		
Prepays	724,000	615,973
Tangible capital assets (Schedule 1)	3,398,387	3,598,084
	<u>4,122,387</u>	<u>4,214,057</u>
Commitments (note 6)		
Impact of COVID-19 (note 9)		
Accumulated surplus	<u>\$ 1,142,520</u>	<u>\$ 1,342,217</u>

See accompanying notes to the financial statements.

On behalf of the Board

DocuSigned by:

 _____ Chair
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DocuSigned by:

 _____ Board Member
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Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Operations

Year ended March 31, 2023 with comparative information for 2022

	Actual 2023	Budget 2023	Actual 2022
Revenue:			
Operating grants:			
Government of Canada	\$ 11,347,339	\$ 11,805,000	\$ 10,840,135
Government of Newfoundland and Labrador	11,347,339	11,805,000	10,840,135
	22,694,678	23,610,000	21,680,270
Add:			
Costs recovered from industry	22,694,678	23,610,000	21,680,270
Interest and other	454,890	47,500	36,828
	23,149,568	23,657,500	21,717,098
Less:			
Cost recoveries refunded to governments	22,694,678	23,610,000	21,680,270
Net revenue	23,149,568	23,657,500	21,717,098
Expenses (schedule 2)			
Board and executive office	2,875,879	3,471,762	3,046,243
Corporate services	7,492,659	7,836,493	6,965,374
Environmental affairs	1,296,552	1,291,013	1,337,526
Exploration and information resources	2,433,997	2,447,290	2,293,601
Industrial benefits	396,925	402,299	437,819
Legal	626,016	688,185	648,030
Operations	2,258,183	2,166,360	1,868,473
Regulatory coordination and public engagement	715,993	712,520	680,891
Resource management	2,678,028	2,705,370	2,522,056
Safety	2,575,033	2,568,816	2,549,237
	23,349,265	24,290,108	22,349,250
Annual deficit	\$ (199,697)	\$ (632,608)	\$ (632,152)

See accompanying notes to the financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Changes in Accumulated Surplus

Year ended March 31, 2023 with comparative information for 2022

		Actual 2023	Budget 2023	Actual 2022
Accumulated surplus, beginning of year	\$	1,342,217	\$ 1,128,521	\$ 1,974,369
Annual deficit		(199,697)	(632,608)	(632,152)
Accumulated surplus, end of year	\$	1,142,520	\$ 495,913	\$ 1,342,217

See accompanying notes to financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Net Debt

Year ended March 31, 2023 with comparative information for 2022

	2023	2022
Annual deficit	\$ (199,697)	\$ (632,152)
Acquisition of tangible capital assets	(937,306)	(428,078)
Amortization of tangible capital assets	1,137,003	1,060,231
(Increase) decrease in prepaids	(108,027)	539,964
(Increase) decrease in net debt	(108,027)	539,965
Net debt, beginning of year	(2,871,840)	(3,411,805)
Net debt, end of year	\$ (2,979,867)	\$ (2,871,840)

See accompanying notes to financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Cash Flows

Year ended March 31, 2023 with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (199,697)	\$ (632,152)
Amortization of tangible capital assets	1,137,003	1,060,231
	937,306	428,079
Change in non-cash items:		
Accrued employee future benefit obligation	735,900	1,032,900
Receivables	1,478,127	(1,626,442)
Prepays	(108,027)	539,964
Payables and accruals	1,636,039	(792,756)
Operating transactions	4,679,345	(418,255)
Capital activity:		
Cash used to acquire tangible capital assets	(937,306)	(428,078)
Increase (decrease) in cash and cash equivalents	3,742,039	(846,333)
Cash and cash equivalents, beginning of year	17,598,547	18,444,880
Cash and cash equivalents, end of year	\$ 21,340,586	\$ 17,598,547

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements

Year ended March 31, 2023

The Canada-Newfoundland & Labrador Offshore Petroleum Board (the Board) was formed in 1985 to administer the relevant provisions of the *Canada-Newfoundland Atlantic Accord Implementation Acts* as enacted by the Parliament of Canada and the Legislature of Newfoundland and Labrador.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles as recommended by the Public Sector Accounting Board (PSAB) of the Chartered Professional Accountants and reflect the following significant accounting policies.

a) Use of estimates:

In preparing the Board's financial statements in conformity with Canadian public sector accounting standards, management are required to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of tangible capital assets, estimated accrued employee future benefits, rates of amortization, and impairment of assets.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available.

Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

b) Revenue recognition:

Operating grants are recognized when approved, less amounts repayable for expenses not incurred.

Costs recovered from industry are recognized in the period when the related service is performed and when collection is reasonably assured.

Interest and other revenues are recognized as earned and when collection is reasonably assured.

c) Cash and cash equivalents:

Cash and cash equivalents includes cash on hand, balances with banks, and guaranteed investment certificates.

d) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives generally extending beyond the current year and are not intended for sale in the ordinary course of operations. The change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net debt for the year.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

e) Tangible capital assets:

Tangible capital assets are recorded at cost. Depreciation is provided annually at rates calculated to write off the assets over their estimated useful life as follows, except in the year of acquisition when one half of the rate is used.

Buildings	4%	declining balance
Leasehold improvements	5 years	straight line
Furniture and fixtures	4 years	straight line
Data management system	3 years	straight line
Computer software	1 year	straight line
Computer equipment	3 years	straight line

f) Impairment of tangible capital assets:

When a tangible capital asset no longer contributes to the Board's ability to provide service, and the value of future economic benefits associated with the tangible capital asset is less than the net book value, the carrying value of the tangible capital asset is reduced to reflect the decline in the asset's value.

g) Capital grants:

Federal and provincial grants received for annual capital expenditures are recognized as revenue in the year in which they are received.

h) Employee future benefits:

The Board provides group life and health benefits for eligible employees. The Board currently contributes 100% of the premiums for medical and dental benefits, and 50% for life insurance for retired employees. During the 2019-2020 year this plan was amended such that it was closed to new employees hired after March 31, 2020. The plan was amended such that employees retiring after December 31, 2025 (previously March 31, 2025) will be subject to 50% retiree medical and dental benefits premium cost sharing.

These retirement benefits are recorded on an accrual basis based on an actuary's estimate. Actuarial gains and losses are amortized on a straight-line basis over the average remaining service period of the active members expected to receive benefits under the plan (15 years).

i) Retiring allowance:

The Board also provides a retirement allowance benefit for eligible employees. This benefit accrues over the estimated service life of the employees and is expensed according to actuarial estimates and assumptions. During the 2019-2020 year, the Board made a decision to modify the Retiring allowance policy. The policy will not apply to new hires after March 31, 2020.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

1. Significant accounting policies (continued):

j) Financial instruments:

The Board considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in certain limited circumstances. The Board accounts for the following as financial instruments:

- cash and cash equivalents;
- receivables; and
- payables and accruals.

A financial asset or liability is recognized when the Board becomes party to contractual provisions of the instrument.

The Board initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Board subsequently measures its financial assets and financial liabilities at cost or amortized cost.

Financial assets measured at cost include cash and cash equivalents, and receivables. Financial liabilities measured at cost include payables and accruals.

The Board removes financial liabilities, or a portion of, when the obligation is discharged, cancelled, or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net annual surplus.

2. Receivables:

	2023	2022
Trade	\$ 11,879	\$ 2,711
Accrued cost recovery	—	1,734,600
Other	405,758	158,453
	<u>\$ 417,637</u>	<u>\$ 1,895,764</u>

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

3. Payables and accruals:

	2023	2022
Trade	\$ 3,531,298	\$ 2,932,283
Government of Canada	3,906,796	3,388,284
Government of Newfoundland and Labrador	3,906,796	3,388,284
	<u>\$ 11,344,890</u>	<u>\$ 9,708,851</u>

4. Accrued employee future benefit obligation:

Group life and group health plans:

The Board provides for coverage under the group life and group health plans upon retirement from active service for its employees.

The most recent actuarial valuation for the accrued employee future benefit obligation was performed effective March 31, 2023.

The accrued benefit liability and benefits expense are outlined below:

	2023	2022
Reconciliation of funded status	\$ 7,055,100	\$ 11,476,600
Unamortized net actuarial gains (losses)	4,880,900	(190,700)
Accrued benefit liability	<u>\$ 11,936,000</u>	<u>\$ 11,285,900</u>

	2023	2022
Net benefit expense		
Current service cost	\$ 540,400	\$ 668,300
Amortization of actuarial loss	13,600	139,500
Interest cost	262,000	234,900
	<u>\$ 816,000</u>	<u>\$ 1,042,700</u>

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

4. Accrued employee future benefit obligation (continued):

Retiring allowance:

The board provides a retiring allowance to employees hired before March 31, 2020 upon death or retirement. The allowance is equal to one week's pay for each year of employment with the Board, to a maximum of 20 week's pay. Employees must have a minimum of five year's employment with the Board to qualify under this policy.

	2023	2022
Accrued benefit liability	\$ 1,457,200	\$ 1,371,400

The accrued benefit liability is net of unamortized actuarial gains of \$123,500 (2022 - loss of \$41,900).

	2023	2022
Net benefit expense:		
Current service cost	\$ 119,200	\$ 127,700
Amortization of actuarial loss (gain)	2,400	6,300
Interest cost	33,000	26,100
	\$ 154,600	\$ 160,100

Significant actuarial assumptions used in calculating the accrued benefit liability for the employee future benefit and the retiring allowance are as follows:

	2023	2022
Discount rate	3.90%	2.20%
Rate of increase in compensation levels	2.00%	2.00%
Dental inflation rate	4.00%	4.00%
Medical inflation rate	4.00%	4.00%

5. Defined benefit public service pension plan:

The Board participates in the Government of Newfoundland and Labrador's defined benefit Public Service Pension Plan ("the Plan"). The assets of the Plan are held separately from those of the Board in an independently administered fund. Plan participation is mandatory for all full-time employees with greater than 3 calendar months of continuous employment.

Effective on January 1, 2015, pension plan changes came into effect that required increase to contribution rates, and changes to pension eligibility. Plan members must now have a minimum of 10 years of pensionable service (with a 5 year transition under the old rules) to obtain a pension benefit. Normal retirement age under the Plan is 65 however early retirement options are available.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

5. Defined benefit public service pension plan (continued):

Members of the Plan are required to make contributions toward the funding of their pension benefits as follows:

- (i) 10.75% of earnings up to the Year's Basic Exemption, the portion of earnings upon which no CPP contributions are required;
- (ii) 8.95% of earnings in excess of the Year's Basic Exemption up to and including the Year's Maximum Pensionable Earnings ("YMPE"); and
- (iii) 11.85% of earnings in excess of the YMPE.

Pensions paid under the Plan are indexed annually. Indexing is applied at the rate of 60% of the increase in the Consumer Price Index ("CPI"), with the increase in the CPI capped at 2%.

Employees who retire after January 1, 2015 shall have their pensions indexed only on the service credited before January 1, 2015. Indexing applies to benefits of pensioners who have attained age 65 prior to October 1 of each year.

For future service, pensions will be calculated by using the best 6 years of average pensionable earnings. For past service, pensions will be calculated by using the higher of: the frozen best 5 years of average pensionable earnings (calculated up to the effective date (January 1, 2015)), or the best 6 years average for all past and future service.

Employer contributions paid and expensed by the Board during the year totaled \$1,289,440 (2022 - \$1,210,930). Additional information about the plan surplus or deficit is not available.

6. Commitments:

The Board is committed under terms of a premises lease to make the following minimum annual lease payments:

March 31, 2024	\$1,714,400
March 31, 2025	1,714,400
March 31, 2026	1,714,400
March 31, 2027	1,714,400
March 31, 2028	1,714,400

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

7. Financial instruments risks and concentrations:

The Board is exposed to various risks through its financial instruments. The following analysis provides a measure of the Board's risk exposure and concentrations at March 31, 2023.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Board is exposed to this risk mainly in respect of its payables and accruals in the amount of \$11,344,890 (2022 - \$9,708,851), which have a maturity of not later than one year. The Board reduces its exposure to liquidity risk by monitoring its cash flows and ensuring that it has sufficient cash available to meet its obligations and liabilities. In the opinion of management the liquidity risk exposure to the Board is low.

Credit risk

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Board's credit risk is attributable to receivables in the amount of \$417,637 (2022 - \$1,895,764). Management believes that the credit risk concentration with respect to financial instruments included in receivables is remote.

The Board does not believe there is exposure to interest rate risk or foreign currency risk.

8. Related party transactions:

The Board is jointly controlled due to ability to appoint board members by the federal Government of Canada and the provincial Government of Newfoundland and Labrador. During the year, the Board had the following transactions with these governments:

Operating grant:	
Government of Canada	\$ 11,347,339
Government of Newfoundland and Labrador	11,347,339
Cost recoveries refunded to Government of Canada	11,347,339
Cost recoveries refunded to Government of Newfoundland and Labrador	11,347,339

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2023

9. Impact of COVID-19:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health organization and has had a significant financial, market and social dislocating impact. During 2022, governments and medical authorities gradually reduced restrictions and requirements for isolation, vaccine, masking and other preventative measures. In response, the Board updated its Endemic COVID-19 Transitional Plan during 2022-23, and required all employees to return to the office on July 4, 2022. It also lifted the requirement for masking and vaccinations. There were no significant financial impacts due to COVID-19 during the year. While COVID-19 continues to circulate in the community, it is not known whether there will be any impact on future operations and an estimate of the financial effect, if any, is not practicable at this time.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 1 - Tangible Capital Assets

Year ended March 31, 2023

	Land and parking lot	Buildings	Leasehold improvements	Furniture and fixtures	Data management system	Computer software	Computer equipment	2023	2022
Cost, beginning of year	\$ 258,297	\$ 3,540,860	\$ 294,144	\$ 569,694	\$ 1,108,298	\$ 2,088,777	\$ 5,415,389	\$ 13,275,459	\$ 12,847,381
Additions during the year	–	5,764	11,109	128,733	–	200,163	591,537	937,306	428,078
Cost, end of year	\$ 258,297	\$ 3,546,624	\$ 305,253	\$ 698,427	\$ 1,108,298	\$ 2,288,940	\$ 6,006,926	\$ 14,212,765	\$ 13,275,459
Accumulated amortization, beginning of year	\$ –	\$ 1,735,810	\$ 77,790	\$ 403,058	\$ 1,108,298	\$ 2,060,940	\$ 4,291,479	\$ 9,677,375	\$ 8,617,144
Amortization	–	72,317	59,940	67,284	–	127,918	809,544	1,137,003	1,060,231
Accumulated amortization, end of year	\$ –	\$ 1,808,127	\$ 137,730	\$ 470,342	\$ 1,108,298	\$ 2,188,858	\$ 5,101,023	\$ 10,814,378	\$ 9,677,375
Net book value of tangible capital assets	\$ 258,297	\$ 1,738,497	\$ 167,523	\$ 228,085	\$ –	\$ 100,082	\$ 905,903	\$ 3,398,387	\$ 3,598,084

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 2 - Expenses
Year ended March 31, 2023

	2023	2022
Board and Executive Office:		
Consultants fees	\$ 415,036	\$ 433,903
Miscellaneous	10,902	2,657
Training and conferences	55,858	7,149
Travel	55,537	17,678
Wages and benefits	2,338,546	2,584,856
	<u>2,875,879</u>	<u>3,046,243</u>
Corporate Services:		
Amortization of tangible capital assets	1,137,003	1,060,231
Computer support and maintenance	1,814,439	1,698,397
General office maintenance	492,506	330,883
Rent and premises	1,858,409	1,865,181
Training and conferences	4,142	12,692
Travel	6,012	4,303
Wages and benefits	2,180,148	1,993,687
	<u>7,492,659</u>	<u>6,965,374</u>
Environmental Affairs:		
Consultants fees	(322)	140,305
Miscellaneous	3,389	912
Training and conferences	25,612	3,893
Travel	7,457	48
Wages and benefits	1,260,416	1,192,368
	<u>1,296,552</u>	<u>1,337,526</u>
Exploration and Information Resources:		
Miscellaneous	5,028	3,104
Consultants fees	24,353	-
Training and conferences	35,178	2,457
Wages and benefits	2,369,438	2,288,040
	<u>2,433,997</u>	<u>2,293,601</u>
Industrial Benefits:		
Miscellaneous	1,124	446
Training and conferences	3,370	1,032
Wages and benefits	392,431	436,341
	<u>396,925</u>	<u>437,819</u>
Legal:		
Miscellaneous	1,672	907
Training and conferences	8,586	3,948
Wages and benefits	615,758	643,175
	<u>626,016</u>	<u>648,030</u>
Operations:		
Miscellaneous	4,442	1,809
Training and conferences	53,705	23,833
Travel	5,762	1,729
Wages and benefits	2,194,274	1,841,102
	<u>\$ 2,258,183</u>	<u>\$ 1,868,473</u>

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 2 - Expenses (continued)
Year ended March 31, 2023

	2023	2022
Regulatory Coordination and Public Engagement:		
Miscellaneous	\$ 2,085	\$ 1,322
Training and conferences	18,977	10,959
Wages and benefits	694,931	668,610
	<u>715,993</u>	<u>680,891</u>
Resource Management:		
Miscellaneous	5,058	3,128
Training and conferences	72,780	11,592
Wages and benefits	2,600,190	2,507,336
	<u>2,678,028</u>	<u>2,522,056</u>
Safety:		
Consultants fees	4,525	1,881
Miscellaneous	7,310	5,351
Training and conferences	146,010	11,183
Travel	9,416	(292)
Wages and benefits	2,407,772	2,531,114
	<u>2,575,033</u>	<u>2,549,237</u>
	<u>\$ 23,349,265</u>	<u>\$ 22,349,250</u>



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