



# **Oil and Gas Corporation of Newfoundland and Labrador**

Strategic Plan 2023-25

March 2023



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## Message from the Board of Directors

Honourable Andrew Parsons, KC  
Minister of Industry, Energy and Technology  
Government of Newfoundland and Labrador  
P.O. Box 8700  
St. John's, NL  
A1B 4J6

Dear Minister Parsons:

On behalf of the Board of Directors, I am pleased to provide the Strategic Plan for the Oil and Gas Corporation of Newfoundland and Labrador (OilCo) for the 2023-25 planning period.

OilCo's three-year plan is prepared in accordance with the requirements of the **Transparency and Accountability Act**, under which OilCo is classified as a Category 1 entity.

The Strategic Plan outlines how OilCo will address the applicable strategic directions of the Government of Newfoundland and Labrador (Government) in relation to the oil and gas sector as communicated by the Minister of Industry, Energy and Technology.

In March 2023, Government announced it was moving ahead with an external review of the province's oil and gas assets and holdings. We believe there is intrinsic value in these oil and gas interests and in OilCo. The Board and management will of course support Government in optimizing the value of our provincial oil and gas resources.

As the Board of Directors of OilCo, we are accountable for the preparation of this Strategic Plan and for the achievement of the specific goals and objectives for the three-year planning period.



Dr. Charles Randell  
Chair, Board of Directors  
Oil and Gas Corporation of Newfoundland and Labrador

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## Overview

Established in 2019 by the Government of Newfoundland and Labrador (Government), the Oil and Gas Corporation of Newfoundland and Labrador (OilCo or Corporation) leads oil and gas activities in offshore Newfoundland and Labrador. OilCo is a Category 1 public body.

The Corporation is enhancing the province's oil and gas potential by providing knowledge and insight to attract new investments to the oil and gas industry in offshore Newfoundland and Labrador. OilCo is focused on maximizing returns through equity investments and positioning this province as a globally-preferred location for development.

The Corporation leads the exploration of the province's frontier and deepwater basins by making strategic investments in data acquisition and analysis to evaluate Newfoundland and Labrador's undiscovered oil and gas resource potential.

In addition to its exploration pursuits, OilCo is responsible for managing equity ownership in existing and potential future offshore developments.

On behalf of Government, OilCo manages Nalcor-Oil and Gas' equity ownership in three producing offshore oil projects—Hibernia Southern Extension, Hebron, and the White Rose Extension project—and can participate in future projects by acquiring equity at the development and production stage of a project.

OilCo is also responsible for the management of its subsidiary company, Bull Arm Fabrication Inc. (BAF).

## Mandate

OilCo is focused on maximizing opportunities for growth in the province's offshore oil and gas industry. Established in 2019 by the **Oil and Gas Corporation Act**, OilCo's mandate is to invest in, engage in, and carry out the following activities in the province and elsewhere, in accordance with the priorities of Government, including:

- a) Exploring for, developing, producing, refining, marketing, and transporting hydrocarbons and products from hydrocarbons.
- b) Research and development.

OilCo has operational autonomy; however, the Corporation receives human resource, financial, and other shared services support from core Government that create savings – in line with Government’s commitment to create a more efficient public sector.

## **Vision**

A prosperous future full of economic opportunity for generations of Newfoundlanders and Labradorians.

## **Lines of Business**

OilCo has the following business focus areas: Exploration, Development and Production, Facilities Management - Bull Arm Fabrication, and Sustainability.

Learn more about OilCo and its business operations at [www.oilconl.com](http://www.oilconl.com).

## **Exploration**

OilCo’s exploration work includes: identifying leads and characterizing the oil and gas resource potential of offshore Newfoundland and Labrador's frontier basins; defining new areas for industry exploration; and, increasing Newfoundland and Labrador’s competitiveness to attract global exploration investment.

OilCo’s strategy is to drive investment decisions through world-leading geophysical science that diminishes investment risk and enhances commercial exploration success. This strategy results in mutual success and greater shareholder value for Government and the people of Newfoundland and Labrador.

## **Development and Production**

OilCo is focused on environmentally-responsible and sustainable growth and development of Newfoundland and Labrador’s oil and gas resources.

OilCo manages existing participating interests under a Management Services Agreement (MSA) with Nalcor Energy-Oil and Gas (Nalcor-Oil and Gas). Future exploration activities and investments in prospective production developments reside with OilCo.

Currently, OilCo manages participating interests in three producing assets:

- 8.7 per cent working interest in the Hibernia Southern Extension.
- 4.9 per cent working interest in the Hebron oil field.
- 5.0 per cent working interest in the White Rose Extension project. This project includes the North Amethyst field, West White Rose, and South White Rose Extension.

In 2018, a framework agreement with Government was finalized for the deepwater Bay du Nord Project in the Flemish Pass. This agreement provides OilCo with the option to acquire a 10 per cent participating interest in the project on behalf of Government.

### **Facilities Management – Bull Arm Fabrication**

The Bull Arm Fabrication Site (BAF Site or Site) is a premier fabrication facility owned by the Government and operated by BAF.

BAF leases all or portions of the Site to industrial tenants while typically managing core Site operations on behalf of its tenants. This strategic approach enables local participation in the industrial, marine, and energy sectors by providing both global and local companies competitively-priced, as-needed access to large-scale waterside assets. This makes the BAF Site a critical asset for the execution of large-scale industrial work.

### **Sustainability**

While the province's offshore projects are among some of the lowest carbon intensity emitting facilities in the world, industry recognizes that opportunities exist to further reduce emissions. OilCo, along with government and industry stakeholders and partners, is actively taking steps towards achieving Canada's and Newfoundland and Labrador's commitment to reaching net zero emissions in offshore Newfoundland and Labrador by 2050.

We are working with government, industry, environmental and educational partners, supporting federal and provincial carbon commitments of advancing low emission and clean technologies in the offshore oil and gas industry.

### **Staff**

Headquartered in St. John's, OilCo had 23 staff members at the end of 2022, with all staff located in St. John's. The gender composition of OilCo's employee group in 2022 was 52 per cent male and 48 per cent female.

The OilCo team consists of Geoscientists, Geophysicists, Engineers, Technologists, Accountants, IT Specialists, and Communications and Corporate Service professionals.

## 2022 Consolidated Revenues and Expenses

The majority of OilCo's revenue is generated from Government contributions and a management fee charged to Nalcor-Oil and Gas for the management of offshore participating interests. Dividends earned from these investments are retained by Nalcor-Oil and Gas, a Newfoundland and Labrador Hydro company.

In 2022, OilCo had revenues from continuing operations of \$25.3 million (M). The majority of OilCo's revenues was generated from Government contributions (\$17.3M) and a management fee charged to Nalcor-Oil and Gas (\$4.2M).

Approximately 56 per cent of OilCo's expenditures from continuing operations relate to operating costs, which are comprised primarily of salaries and wages (\$4.0M), utilities (\$0.8M), professional services (\$1.7M), and software maintenance (\$1.2M).

## Primary Clients

OilCo works with a variety of clients including:

- Provincial government departments, Crown corporations, and agencies
- Partners in oil and gas projects
- Federal government and agencies
- Municipal government and organizations
- Exploration and development companies
- Industry associations
- Academic institutions
- Industry regulators
- Community organizations
- Industrial contractors



## Strategic Directions

Strategic directions are the articulation of a desired physical, social, or economic outcome that would normally require action by, or involvement of, more than one Government entity.

The strategic directions of Government for the 2023-25 planning cycle are:

- A Better Economy
- Healthier People
- Better Living
- A Bright Future
- A More Efficient Public Sector

## Strategic Issues

The strategic issues outlined below will be addressed by OilCo to realize its mandate. Consistent with the underlying philosophy of the multi-year performance-based planning required under the provisions of **Transparency and Accountability Act**, these issues are at a governance level and reflect the priorities of the OilCo Board and support Government's strategic directions for the oil and gas sector.

This Strategic Plan highlights four strategic issues to be addressed by OilCo:

- Issue 1: Exploring Newfoundland and Labrador's Offshore
- Issue 2: Offshore Development and Operations
- Issue 3: Bull Arm Fabrication Site Optimization
- Issue 4: Advance Sustainability Initiatives

## Issue 1: Exploring Newfoundland and Labrador's Offshore

As one of the top frontier regions of the world, offshore Newfoundland and Labrador has significant geological prospectivity held in a diverse portfolio of sedimentary basins and associated plays spread over 1.8 million km<sup>2</sup> of offshore acreage – making it 1.5 times larger than the U.S. Gulf of Mexico.

OilCo leads the exploration of Newfoundland and Labrador's frontier offshore basins and evaluates the petroleum prospectivity based on the key elements that make up a commercial-grade petroleum deposit. Since 2010, OilCo's team has identified more than 650 leads and prospects within Newfoundland and Labrador's frontier basins. A large majority of these leads currently exist within Crown lands available in upcoming license rounds in offshore Newfoundland and Labrador.

These leads and yet to be drilled prospects continue attracting the interest of the geoscientists and investment decision makers of the most capable and reputable firms in the global industry. As the competition for capital expenditure grows, data availability and utilization is a critical necessity for any jurisdiction seeking investment. OilCo's exploration work has, and will, drive the company's mission of ensuring benefit, both economic and societal for the people of the province, thereby aligning with Government's strategic direction for the oil and gas sector.

During the 2023-25 planning period, OilCo will execute planned activities in its multi-year exploration strategy to find and promote new oil and gas resources to maximize value for Newfoundland and Labrador thereby positioning the province as a globally-preferred investment location for exploration and development. Through the planning period, OilCo will also collaborate with the Department of Industry, Energy and Technology (IET) on geoscience activities to advance offshore exploration and development.

### Issue 1: Exploring Newfoundland and Labrador's Offshore

**Goal:** By December 31, 2025, OilCo will have advanced opportunities to increase oil and gas exploration and investment activities in the province.

**Indicators:**

- Advanced knowledge of resource potential from data in Newfoundland and Labrador frontier offshore basins
- Prepared datasheets on prospectivity for scheduled offshore license rounds

- Promoted prospects to industry and prospective investors

**Objective:** By December 31, 2023, OilCo will have collected seismic data to identify and inventory potential resources to maximize value for Newfoundland and Labrador from offshore oil and gas activities.<sup>1</sup>

**Indicators:**

- Increased promotion of the prospectivity of offshore Newfoundland and Labrador through presentations and attendance at industry conferences and events
- Inventoried leads and prospects into OilCo’s internal library/platform
- Promoted exploration potential of 2023 license round area<sup>2</sup>

## 2024 Objective

By December 31, 2024, OilCo will have collected data and continued interpretation to advance geoscience knowledge in frontier basins of Newfoundland and Labrador in advance of scheduled call for bids.

## 2025 Objective

By December 31, 2025, OilCo will have made advancements in geoscience knowledge of oil and gas prospectivity in Newfoundland and Labrador slope and deepwater frontier basins through analysis and interpretation of modern datasets.

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<sup>1</sup> In January 2022, IET notified OilCo of Government’s decision to take a pause in the allocation of funding for new seismic acquisition for the 2022 season. OilCo’s seismic data program is contingent on Government budget approval.

<sup>2</sup> Newfoundland and Labrador’s offshore regulator, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) sets the land tenure schedule and license round area. The areas OilCo will promote will be based on the C-NLOPB’s call for bid areas.

## Issue 2: Offshore Development and Operations

Newfoundland and Labrador's offshore oil and gas industry dates back more than 50 years to exploration off the Grand Banks and subsequent discoveries in the Jeanne d'Arc basin and more recently in the Flemish Pass basin.

Today, successful developments at Hibernia, Terra Nova, White Rose, and Hebron have produced more than two billion barrels of oil since 1997.

In addition to these four producing projects, the Bay du Nord development project received environmental release in spring 2022. Discovered in 2013, the project represents an evolution in Newfoundland and Labrador's offshore oil and gas industry, opening up a new frontier basin—the Flemish Pass.

Nalcor-Oil and Gas is a joint venture working interest partner in Hibernia Southern Extension, Hebron, and White Rose Extension. OilCo manages these equity interests on behalf of Nalcor-Oil and Gas and Government. OilCo may participate in future projects through equity ownership in new developments.

Through ongoing collaboration with project and industry partners, OilCo continues to exercise its joint venture agreement rights and committee representation in three offshore developments. The knowledge, information, and understanding that this participation with industry brings, enables OilCo to foster relationships that help ensure alignment between the provincial equity interest and the partners in the respective projects.

Further development of the province's offshore yields tremendous opportunities for Newfoundland and Labrador. Through the 2023-25 planning period, OilCo will continue to advance current and future equity investment opportunities, while prioritizing offshore development and operations activity with joint venture partners to advance work plans and achieve project milestones.

These activities support fulfillment of the strategic direction of Government related to the increased exploration and development of energy resources and realizing maximum benefits to the province through the strategic development of the province's resources.

## Issue 2: Offshore Development and Operations

**Goal:** By December 31, 2025, OilCo will have supported efforts to advance offshore project milestones and further enhance knowledge of the province's oil and gas investment potential.

**Indicators:**

- Continued to exercise joint venture voting rights and committee representation in the three offshore developments as outlined in a Management Services Agreement with Nalcor-Oil and Gas
- Continued to evaluate equity growth opportunities and provide advice to the Government on potential acquisitions or divestitures

**Objective:** By December 31, 2023, OilCo will have continued to promote provincial oil and gas interests for potential investments by private and/or public industry partners.

**Indicators**

- Continued to participate in international investment forums and meetings with potential partners interested in continued oil and gas investment in producing assets and/or exploration licenses
- Continued to participate in joint venture partner meetings/decisions related to capital projects in support of achieving project milestones
- Continued focus on conventional and alternative investors in growth in Newfoundland and Labrador oil and gas industry, with at least one new development under way

### 2024 Objective

By December 31, 2024, OilCo will have progressed current joint venture capital projects supporting the long-term viability of the projects.

### 2025 Objective

By December 31, 2025, OilCo will have advanced current and future joint venture partnerships.

### Issue 3: Bull Arm Fabrication Site Optimization

Responsible for the management of the BAF Site, OilCo is focused on ensuring this provincial industrial asset is ready for current and future leasing opportunities.

BAF leases all or portions of the Site to industrial tenants while typically managing core Site operations on behalf of its tenants. Through the adoption of open and transparent Site use terms, reliable up to date infrastructure, and a reputation for environmental stewardship, BAF can offer the most viable and competitive fabrication centre in Atlantic Canada.

During the 2023-25 planning period, OilCo will focus on seeking opportunities to maximize utilization of the BAF Site.

Issue 3: Bull Arm Fabrication Site Optimization
<p><b>Goal:</b> By December 31, 2025, OilCo will have completed activities to optimize utilization of the Bull Arm Fabrication Site for industrial activity.</p>
<p><b>Indicators:</b></p> <ul style="list-style-type: none"> <li>• Continued assessment of required Site infrastructure repairs and maintenance with priority initiatives completed</li> <li>• Implemented marketing and communications activities to promote the Site</li> <li>• Continued engagement with stakeholders</li> <li>• Continued management of Site leases</li> </ul>
<p><b>Objective:</b> By December 31, 2023, OilCo will have continued successful management of current lease(s) and promoted the Site for industrial use.</p>
<p><b>Indicators</b></p> <ul style="list-style-type: none"> <li>• Maintained common Site facilities and services (roads, security) for tenant usage</li> <li>• Executed lease(s) and implemented lease monitoring activities</li> <li>• Assessed infrastructure repair and maintenance requirements for tenant usage</li> <li>• Recommended strategies to ensure that site utilization is optimized</li> <li>• Continued engagement with community and industry stakeholders</li> </ul>

### **2024 Objective**

By December 31, 2024, OilCo will have progressed planned engagement and Site assessment activities to optimize utilization of the BAF Site for industrial activity.

### **2025 Objective**

By December 31, 2025, OilCo will have continued to advance planned engagement and site assessment activities to optimize utilization of the BAF Site for industrial activity.



## Issue 4: Advance Sustainability Initiatives

OilCo recognizes the challenges of climate change and the need to transition to a lower-carbon economy. We are working with stakeholders to support current and future development projects and exploring partnerships and technologies that further improve the lower-carbon advantage of our province's offshore resources.

Through collaboration with government, industry and community stakeholders, OilCo is helping to lead the oil and gas industry and the province in achieving net zero emissions in the offshore sector.

Newfoundland and Labrador has an important role to play in the transition to a lower-carbon economy. Through the 2023-25 planning period, OilCo will continue to collaborate with key stakeholders to advance environmental initiatives to ensure that Newfoundland and Labrador's growing offshore industry remains climate conscious and sustainable throughout the clean energy transition to lower-carbon oil and gas, to 2050 and beyond.

### Issue 4: Advance Sustainability Initiatives

**Goal:** By December 31, 2025, OilCo will have supported the advancement of clean energy and reduced emissions initiatives that assist the oil and gas industry in achieving net zero emissions in a growing offshore sector.

**Indicators:**

- Supported multi-stakeholder initiatives and projects focused on clean energy and reduced emissions
- Explored options and technologies for a growing offshore industry to move towards the goal of becoming a net-zero producer as quickly as possible
- Increased promotion of the growth of offshore Newfoundland and Labrador's low-carbon and environmentally-advantaged oil and gas, further displacing higher-carbon oil and gas from international sources

**Objective:** By December 31, 2023, OilCo will have explored options to advance carbon reduction initiatives and technologies for offshore Newfoundland and Labrador.

**Indicators:**

- Evaluated the technical and economic feasibility of various emission reduction technologies
- Supported partnership initiatives between government, industry associations, academia and industry
- Promoted offshore Newfoundland and Labrador's lower emissions and environmental advantages

**2024 Objective**

By December 31, 2024, OilCo will have advanced environmentally- and economically-sustainable initiatives to progress low-emission technology.

**2025 Objective**

By December 31, 2025, OilCo will have advanced partnerships and technologies that further lower the environmental footprint from the oil and gas sector.