



Canada's Largest Offshore
Industry Association

May 11, 2016

Cheryl McNeil
FORRI Project Manager
Natural Resources Canada

Dear Ms. McNeil,

Re: Noia's Comments on the Frontier and Offshore Regulatory Renewal Initiative's (FORRI) Proposed Policy Intentions for Phase 1 of the Framework Regulations

Thank you for the opportunity to provide comment on the Proposed Policy Intention Document ('Document') for Phase 1 of the development of the Framework Regulations. The Newfoundland and Labrador Oil & Gas Industries Association (Noia) strongly supports the FORRI objectives to reduce redundancy, bring standards up to date and the move to performance-based regulation. These objectives need to be met with a full understanding of the enforcement implications for the regulator and the compliance implications for investing companies. We also firmly believe in the importance of being competitive with appropriate jurisdictions while maintaining a balanced approach resulting in responsible development.

Noia supports the highest level of safety and environmental performance and we believe this can and should be achieved through the implementation of performance-based regulation. It is not evident in the Phase 1 policy intent document that there is a broadly held belief in the move from prescriptive to performance-based regulation. Future policy intent documents should clearly state the objective how the intentions for the regulations contribute toward a more performance-based approach. Our specific comments follow:

Part 1 Board Powers – Spacing, Names and Designations (Drilling and Production Regulations)

1. The role, mandate and powers of the Boards need to be clearly stated.
2. There is a lack of definitions and they need to be included in the final regulation to help in interpretation.
3. The Boards' designation of a zone for the purposes of the regulations may have commercial consequences due to associated costs in attempting to achieve accurate zonal production measurement.

... 2

Part 2 Management System

1. Many requirements in this section are still prescriptive in nature and contain specific requirement rather than achieve a set of objectives and goals for the management system to meet. Suggestion is to remove many of the elements which dictate the content in a management system.
2. Applying the use of the term 'Safety Culture' in regulatory language is problematic (subjectivity, measurement) and will ultimately lead to enforcement based solely on a regulated 'culture'.

Part 3 - Applications for Authorizations and Approvals

1. There is a lack of definitions (and descriptions) and they need to be included in future policy intent documents.
2. Need clarity on intent and purpose.
3. The contingency plan section has a number of prescriptive requirements and it can be better addressed in guidance and industry practices.
4. It is unclear of the purpose for C-NLOPB conducting an economic analysis of the scope of work proposed in the development plan.

If you have any questions on this submission, please let me know directly or contact Byron Sparkes, Noia's senior policy advisor. We look forward to continued engagement with the FORRI team.

Sincerely,



Robert Cadigan
President and CEO