



2023–24

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



June 28, 2024

The Honourable Jonathan Wilkinson, P.C., M.P.
Minister of Energy and 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, 2024.

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 health and safety, environmental protection, resource management and industrial benefits.

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, the health and safety of offshore workers, environmental protection and regulating in the public interest continue to be the highest priorities for C-NLOPB staff and Board Members.

As of March 31, 2024, the C-NLOPB had 104 permanent staff and its budget for the 2023-24 fiscal year was \$25,830,000. Pursuant to the **Offshore Petroleum Cost Recovery Regulations and Guidelines**, the C-NLOPB recovered 100% percent of its actual costs of \$23,723,718 from industry for the 2023-24 fiscal year.

This Annual Report highlights the C-NLOPB's accomplishments and activities for 2023-24. The Report is aligned with the C-NLOPB's strategic framework 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 (to December 20, 2023)

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

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Director of Exploration and Information Resources

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

Rob McGrath
Director of Industrial Benefits and Government Engagement

Lesley Rideout
Director of Communications and Public Engagement

Craig Rowe, M.Sc., P.Geo.
Director of Regulatory Coordination, Planning and Innovation

Elizabeth Young
Director of Environmental Protection

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

The challenges, opportunities and changes of the global energy sector are apparent in the Canada-Newfoundland and Labrador Offshore Area. Regulators around the world are changing, as is the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB).

We are working towards the coming into force of new, more performance-based regulations. We are preparing to rebrand as we get ready to deliver our expanded mandate, which will include offshore renewable energy projects. Emissions reduction, energy security, cybersecurity and digitalization are relatively newer but already top of mind imperatives in our regulatory oversight. Asset life extension and eventual abandonment and decommissioning are more prominent than ever in our work.

As we respond to the changes that are reflected in and demanded by a changing public interest, we remain focused on the pillars of our mandate – with safety and environmental protection as our top priorities, along with the wise use of offshore resources for the benefit of Newfoundland and Labrador first and foremost, but also the rest of Canada and the world.

Thanks to the dedication and competence of our amazing staff and the steady, experienced guidance and counsel of our Board, we are in an excellent position to successfully manage the changes before us while continuing the nearly forty year tradition of regulatory excellence of the C-NLOPB.

I thank them for their unwavering support as I look forward to the new Canada-Newfoundland and Labrador Offshore Energy Regulator.



Scott Tessier
Chief Executive Officer

SAFETY OF OFFSHORE WORKERS

SAFETY ASSESSMENTS

Prior to being issued an Operations Authorization (OA) for petroleum related activity in the Canada-Newfoundland and Labrador Offshore Area (Offshore Area), an Operator must submit an application 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 include 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.

In 2023-24, the C-NLOPB's Safety Department conducted 12 safety assessments, which were completed or under review in 2023-24, as listed in Table 1.

Table 1: Safety Assessments Completed or Undergoing Review in 2023-24

OPERATOR	ACTIVITY	NUMBER COMPLETED
BP Canada Energy Group ULC (bp)	Drilling OA	1
bp	OA Amendment	2
Cenovus Energy Inc. (Cenovus Energy)	OA Amendment	1
Equinor Canada Ltd. (Equinor)	Geotechnical OA	1
ExxonMobil Canada Limited (EMCL)	Drilling OA	1
EMCL	OA Amendment	2
ExxonMobil Canada Properties (EMCP)	OA Amendment	1
Suncor Energy Inc. (Suncor Energy)	Production OA	1
Suncor Energy	OA Amendment	2

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 2023-24, the C-NLOPB completed 14 audits, inspections and oversight activities, as listed in Table 2.

Table 2: Safety Audits, Inspections and Oversight Activities Completed in 2023-24

OPERATOR/ PROVIDER OF SERVICE	INSTALLATION/VESSEL/ PROJECT	AUDIT/INSPECTION/ OVERSIGHT
Cenovus Energy	SeaRose Floating, Production, Storage and Offloading Vessel (FPSO)	Two Compliance Verification Matrix (CVM) Inspections
Cenovus Energy	SeaRose FPSO	Compliance Verification Audit - Service Provider Management
Cenovus Energy	Deep Explorer Dive Support Vessel (DSV) and Seahunter Light Diving Craft (LDC)	Pre-Approval Inspection
Cenovus Energy	Motor Vessel (M/V) Horizon Arctic	Pre-Approval Inspection
Cenovus Energy	Cougar Heliport	Helicopter Operational Safety Review Audit
EMCP	Hebron Platform	CVM Inspection
EMCP	Hebron Platform	General Safety Inspection
EMCP	Hebron Platform	Compliance Verification Audit - Service Provider Management
EMCL	Hercules Mobile Offshore Drilling Unit (MODU)	Pre-Approval Inspection
Hibernia Management and Development Company Ltd. (HMDC)	Hibernia Platform	General Safety Inspection
HMDC	Hibernia Platform	Compliance Verification Audit - Service Provider Management
Suncor Energy	Terra Nova FPSO	Pre-Approval Inspection
Suncor Energy	Terra Nova FPSO	Inspection - Reintroduction of Hydrocarbons

In 2023-24, the following formal Enquiries were undertaken or ongoing for safety incidents:

Table 3: Summary of Safety Enforcement Activities¹ for 2023-24

INCIDENT DATE	NATURE OF INCIDENT	STATUS
September 6, 2019 ²	A worker onboard the Transocean Barents MODU suffered a serious injury when they were pinned between a steel adapter and a rail during crane operations. The C-NLOPB has laid two charges against Transocean Canada Drilling Services Ltd. for alleged offences related to the injury.	Prosecution Ongoing
December 29, 2019 ³	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.	Prosecution Ongoing
February 18, 2023	A worker onboard the Hibernia Platform was injured while performing work on a portable extension ladder. On March 15, 2023, the C-NLOPB issued a Notice of Non-Compliance to Hibernia Management and Development Company Ltd. The operator addressed the corrective actions to the satisfaction of the Chief Safety Officer (CSO).	Closed
May 28, 2023	While completing maintenance on the Hebron Platform, a hydraulic pin puller failed resulting in the puller rod being projected across the pipe deck and then dropping to the deck below. On June 27, 2023, the C-NLOPB issued a Notice of Non-Compliance to ExxonMobil Canada Properties and another to KCA Deutag Drilling Canada Inc., the employer of the drilling maintenance team that performed the task.	Active
July 23, 2023	During lifting operations, a port deck pipe handling crane struck a walkway railing. On September 13, 2023 the C-NLOPB issued a Notice of Non-Compliance to Odfjell Drilling Ltd.	Active
August 1, 2023	It was determined that Hibernia Management and Development Company Ltd. did not obtain C-NLOPB approval to deviate from regulatory requirements prior to implementing changes to pressure safety valves recertification frequency from five to six years. On August 17, 2023 the C-NLOPB issued a Notice of Non-Compliance and Order to Hibernia Management and Development Company Ltd.	Active

¹<https://www.cnlopb.ca/enforcement/nonc/>

² [Injured Worker on Transocean Barents - C-NLOPB \(cnlopb.ca\)](#)

³ <https://www.cnlopb.ca/incidents/ib12302019/>

MONITORING

Following an operator’s authorization, 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 Code of Practice for the Training and Qualifications of Personnel**.

The operator is required to report and investigate all incidents as described in the C-NLOPB **Incident Reporting and Investigation Guideline**. In 2023-24, staff reviewed 177 safety-related incident reports from operators. The C-NLOPB Quarterly Safety Incident Report can be found on the C-NLOPB website.⁴

During this reporting period, 3,691,289 hours were worked in the Offshore Area. There were 15 incidents that resulted in a reportable injury or illness, which translates to a reportable injury frequency rate of 4.06 per million hours worked.

SUBSTITUTIONS, EQUIVALENCIES OR EXEMPTIONS

The CSO and/or the Chief Conservation Officer may authorize the use of equipment, methods, measures or standards in lieu of those required by regulations, or grant an exemption from any regulatory requirement, 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. This excludes Occupational Health and Safety (OHS) Regulations requirements. A Regulatory Query (RQ) process is in place to evaluate and render decisions on applications for regulatory equivalencies, substitutions or exemptions.⁵

In preparation for primarily performance-based **Canada-Newfoundland and Labrador Offshore Area Petroleum Operations Framework Regulations (Framework Regulations)** coming into force, operators are required to assess all existing RQs and provide assessments against the new **Framework Regulations** to determine if the RQ is still valid.

Table 4: Regulatory Query Activity for 2023-24

STATUS	NUMBER OF EQUIVALENCIES/ SUBSTITUTIONS/EXEMPTIONS
Received	37
Approved	29
Not Required	0
Rejected	0
Withdrawn*	3
Still Under Consideration**	16

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

**Applications processed and under consideration may include carryover.

⁴ <https://www.cnlopb.ca/information/statistics/>

⁵ <https://www.cnlopb.ca/legislation/equivalencies/>

CHIEF SAFETY OFFICER APPROVALS

The CSO may authorize the approval of an alternate means of compliance 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

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 2023-24, the CSO issued three Approvals and zero amendments.⁶



C-NLOPB Chief Safety Officer at the 2023 International Regulators Forum in Perth, Australia.

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

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 received one health and safety complaint in 2023-24.

OCCUPATIONAL HEALTH AND SAFETY ADVISORY COUNCIL

The Canada-Newfoundland and Labrador Offshore OHS Advisory Council (Advisory Council) is mandated to advise the C-NLOPB, the federal Minister of Energy and Natural Resources (NRCan) 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 the C-NLOPB or the federal or provincial ministers.

During 2023-24 there were no matters under the charge of the Advisory Council.

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 areas of concern. In Fall 2023, the C-NLOPB held a Transition to Goal-Based Regulations themed Safety Forum and Workplace Committee Session, both in-person and virtually.

PROTECTION OF THE ENVIRONMENT

ENVIRONMENTAL ASSESSMENT

In accordance with its responsibilities under the **Accord Acts** and section 82 of the **Impact Assessment Act (IAA)** (S.C. 2019, c. 28, s. 1), the C-NLOPB assesses the potential environmental effects of petroleum related work or activity proposed for the Offshore Area. During the reporting period, one Environmental Assessment (EA) under the **Accord Acts** was initiated.⁷

Table 5: Accord Acts Environmental Assessments during 2023-24

OPERATOR	PROGRAM	LOCATION	STATUS
Multiklient Invest AS	Newfoundland Offshore Seismic Program	Eastern Newfoundland (EN), North Eastern Newfoundland (NEN), South Eastern Newfoundland (SEN) and Southern Newfoundland (SN) Land Tenure Regions	Undergoing Assessment

Additionally, the EA for Cenovus’ West White Rose Project was amended during the reporting period. The C-NLOPB was the responsible authority for this amendment, pursuant to requirements of the **Canadian Environmental Assessment Act, 1992 (CEAA 2012)**.

Throughout the reporting period, and in its role as a Federal Authority, the C-NLOPB provided expert knowledge to support the Impact Assessment Agency of Canada (IAAC) in conducting Impact Assessments (IAs) of planned projects in the Offshore Area that were initiated under the now repealed **CEAA 2012**. Further information on these assessments can be obtained from the Canadian Impact Assessment Registry.⁸

Table 6: CEAA 2012 Assessments that continued under the IAA during 2023-24

OPERATOR	PROJECT	LOCATION	REFERENCE NUMBER	ASSESSMENT STATUS
Suncor Energy Offshore Exploration Partnership	Exploration Drilling (Tilt Cove)	Jeanne d’Arc (JDA) Region	80177	Ongoing

REGIONAL ASSESSMENT

The C-NLOPB supported the IAAC’s follow-up program for the **Regional Assessment of Offshore Oil and Gas Exploratory Drilling East of Newfoundland and Labrador Report**.⁹

The C-NLOPB also supported the IAAC in the ongoing **Regional Assessment of Offshore Wind Development in Newfoundland and Labrador**.¹⁰

⁷ <https://www.cnlopb.ca/assessments/>

⁸ <https://iaac-aeic.gc.ca/050/evaluations>

⁹ <https://iaac-aeic.gc.ca/050/evaluations/proj/80156?culture=en-CA>

¹⁰ <https://iaac-aeic.gc.ca/050/evaluations/proj/84343>

ENVIRONMENTAL PROTECTION PLANS

An Environmental Protection Plan (EPP) is a document or set of documents required to be submitted with an application for an authorization pursuant to the **Newfoundland Offshore Petroleum Drilling and Production Regulations**, 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, 10 new or amended EPPs were reviewed by staff.

Table 7: New EPPs or Amendments to Existing EPPs during 2023-2024

OPERATOR	FIELD/INSTALLATION	NEW OR AMENDED
bp	M/V Stena IceMax	2
Cenovus Energy	White Rose Field	1
EMCL	Hercules MODU	1
EMCP	Hebron Field	1
HMDC	Hibernia Field	1
Suncor Energy	Terra Nova Field	4

COMPLIANCE AND ENFORCEMENT

Environmental Protection staff complete compliance verification activities (CVAs) throughout the year. These CVAs are intended to verify compliance with the **Accord Acts** and associated regulations. CVAs may include review of documents and records, providing questionnaires to and conducting interviews with operator and contractor personnel, and attendance at installations to verify compliance. CVAs without attendance at an installation are referred to as Desktop CVAs.

Staff also complete compliance verification with respect to operational mitigations identified in assessments conducted by staff, as well as in decision statement conditions pursuant to the **Accord Acts**, **CEAA 2012** and the **IAA**. A summary table is provided below.

Table 8: Environmental Compliance Verification Activities during 2023-2024

OPERATOR	DATE	LOCATION	ACTIVITY
bp	April 2023	Desktop	Verify seabird observer qualifications and knowledge of the seabird monitoring program for the M/V Maersk Mobilizer .
bp	May 2023	M/V Stena IceMax	Verify general environmental compliance focused on discharges associated with drilling operations.
bp	May 2023	Desktop	Verify seabird observer qualifications and knowledge of the seabird monitoring program for the M/V Stena IceMax .
bp	May 2023	M/V Stena IceMax	Verify the seabird survey program was conducted.
Cenovus Energy	July 2023	SeaRose FPSO	Verify general environmental compliance focusing on discharges and other waste.

Cenovus Energy	September 2023	SeaRose FPSO	Verify general environmental compliance, focusing on authorized discharges associated with production activities.
Cenovus Energy	September 2023	SeaRose FPSO	Verify stranded seabird survey program was conducted.
EMCL	June 2023	Desktop	Verify seabird observer qualifications and knowledge of seabird monitoring program for the M/V Avalon Sea .
EMCL	July 2023	Desktop	Verify seabird observer qualifications and knowledge of seabird monitoring program for the Hercules MODU.
EMCL	August 2023	Hercules MODU	Verify general environmental compliance, focusing on authorized discharges associated with drilling operations.
EMCL	August 2023	Hercules MODU	Verify seabird survey program was conducted.
EMCL	August 2023	Hercules MODU	Verify spill response capabilities and preparedness.
EMCP	April 2023	Hebron Platform	Verify general environmental compliance of the EPP.
EMCP	October 2023	Hebron Onshore Control Room (OCR)	Verify OA commitments were met.
EMCP	January 2024	Hebron Platform	Verify general environmental compliance of the EPP.
EMCP	February 2024	Hebron Platform	Verify general environmental compliance prior to drilling restart.
Equinor	June 2023	Desktop	Verify seabird observer qualifications and knowledge of seabird monitoring program for the M/V Horizon Arctic .
HMDC	October 2023	Hibernia Platform	Verify general environmental compliance, focusing on authorized discharges associated with production activities.
HMDC	March 2024	Hibernia Platform	Verify spill response capabilities and preparedness.
Suncor Energy	September 2023	Desktop	Verify seabird observer qualifications and knowledge of the seabird monitoring program for the Terra Nova FPSO.
Suncor Energy	February 2024	Terra Nova FPSO	Verify general environmental compliance of the EPP.

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. A summary of pollution incidents, including spills and unauthorized or unplanned discharges is available on the C-NLOPB's website¹¹.

¹¹ <https://www.cnlopb.ca/information/statistics/#environment>

There were five spills of petroleum during the reporting period which are summarized in Table 9.

Table 9: Summary of Spill Information for 2023-2024¹²

COMPONENT	LITRES	PERCENTAGE OF ANNUAL TOTAL	NUMBER OF INCIDENTS
Crude Oil	0.1	1.1	1
Hydraulic and Lubricating Oil	0.15	1.6	1
Diesel and Jet Fuel	5.0	54.0	1
All other petroleum	4.017	43.3	2

C-NLOPB Environmental Compliance Officers follow-up on all environmental non-compliances. Officers enquire into the cause of these events and undertake enforcement measures when appropriate. Table 10 provides a summary of enforcement actions that were referred for prosecution or resolved during the reporting period.

Table 10: Summary of Environmental Enforcement Activities for 2023-2024

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 in October 2021. ¹³	Prosecution Ongoing
July 17, 2019	Spill of 12,000 litres of petroleum from crude storage system of the Hibernia Platform. A formal Enquiry was conducted and charges were laid against Hibernia Management and Development Company Ltd. in July 2022. Hibernia Management and Development Company Ltd. pled guilty on August 1, 2023, and a \$90,000 fine was imposed under the Accord Acts . Hibernia Management and Development Company Ltd. was also ordered to pay \$310,000 into the Environmental Damages Fund. ¹⁴	Closed

ENVIRONMENTAL EFFECTS MONITORING

Environmental Effects Monitoring (EEM) is used to determine the effects of ongoing 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.

¹² <https://www.cnlopb.ca/information/statistics/#environment>

¹³ <https://www.cnlopb.ca/news/nr10192021/>

¹⁴ <https://www.cnlopb.ca/news/hibernia-management-development-company-ltd-pleads-guilty-to-offence/>

During the reporting period, staff continued to review EEM reports for three of the four producing operators. Reviews of EEM reports initiated during the reporting period included: HMDC's Hibernia and Hibernia South Projects, 2022; Cenovus Energy's White Rose Project, 2022; and ExxonMobil Canada's Hebron Project, 2022. Additionally, the design plan for the Cenovus Energy's White Rose Project was modified to include monitoring for the upcoming West White Rose Project and review of this report was initiated in 2023-24. Completed EEM program reports and plans are available on the C-NLOPB website.¹⁵

ENVIRONMENTAL STUDIES RESEARCH FUND

The Environmental Studies Research Fund (ESRF)¹⁶ 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 a 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 Migration in the Eastern Canadian Offshore Regions (ESRF Project 2019-01S).
- Using Tracking Technologies to Evaluate Overlap of Leach's Storm-Petrel with Offshore Oil and Gas Platforms (ESRF Project 2020-02S).
- Seabird 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 (ESRF Project 2021-02S).
- Exploring Diversity in Indigenous Knowledge Systems (2023-01S)
- Publication Projects (ESRF Projects 2023-02S to 2023-06S).
- Monitoring Marine Mammals and Ship Noise in the Eastern Beaufort Sea (ESRF Project 2021-01N).

¹⁵ <https://www.cnlopb.ca/environment/projects/>

¹⁶ <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** Memorandum of Understanding (MOU) between the C-NLOPB and the Government of Newfoundland and Labrador, the C-NLOPB is responsible for reviewing annual Greenhouse Gas (GHG) reports submitted by operators in the Offshore Area for the previous calendar year. The required reports and submission dates are outlined in Table 11, below. Once these reports are reviewed for completeness, accuracy and regulatory compliance, staff provide the information to the Provincial Department of Environment and Climate Change.

Table 11: Annual Greenhouse Gas Reports

TYPE OF REPORT	COMPLETED BY	SUBMISSION DATE
Emissions Report	Operator	June 1 of the following year
Verification Report	Third-party verification body	September 1 of the following year
Compliance Report	Operator	November 1 of the following year

ADDITIONAL C-NLOPB RESPONSIBILITIES

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

- collect quarterly GHG emissions data in order to benchmark performance with yearly targets;
- collect GHG emissions data from exploration and development drilling and production activities, 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 achievable volumes without compromising safety of operations;
- set 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 EAs or IAs that refer directly to mitigating GHGs;
- are permanent observers for Canada of the North Sea Offshore Authorities Forum (NSOAF) Carbon Capture and Storage (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
- publish the Annual Emissions Reduction Initiative Report, which outlines 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 2022 calendar year.

Table 12: Greenhouse Gas Emissions from Producing Facilities in 2022

FACILITY	GHG EMISSIONS (t CO ₂ e)	2022 PRODUCTION BARRELS (bbl)	EMISSIONS INTENSITY (kg CO ₂ e/bbl)
Hebron Platform	431 586	50 303 731	8.58
Hibernia Platform	455 774	27 340 234	16.67
SeaRose FPSO	318 497	6 615 970	48.14
Terra Nova FPSO	0	0	N/A

Further information can be found in the Government of Newfoundland and Labrador's Department of Environment and Climate Change Greenhouse Gas Information Report.¹⁷



Hibernia Platform

¹⁷ <https://www.gov.nl.ca/ecc/occ/greenhouse-gas-data/>

INDUSTRIAL BENEFITS

BENEFITS PLANS

In 2023-24, 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), Education and Training (E&T) and Diversity and Inclusion.

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

- Equinor Benefits Plan Supplement for the 2023 Geotechnical Survey.
- bp Benefits Plan Supplement for the 2023 Exploration Drilling Campaign.
- ExxonMobil Benefits Plan Supplement for the 2023 Exploration Drilling Campaign.

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 opportunities.

EXPENDITURE AND EMPLOYMENT DATA

During the 2023 calendar year, operators reported expenditures of \$3.1 billion related to work in the Offshore Area. Since 1966, cumulative expenditures total approximately \$76.9 billion.

As of December 31, 2023, there were 5,717 Newfoundland and Labrador and other Canadian residents working in direct support of petroleum-related activity in the Offshore Area. During the 2023 calendar year, approximately \$266.1 million was spent on exploration programs generating approximately 1,658 person-months of employment. Ongoing production activities accounted for expenditures of \$2.1 billion in 2023, of which approximately 58 percent of annual expenditures occurred in Newfoundland and Labrador and a further 19 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 \$511 million in the 2023 calendar year, with 74 percent Canadian content including 59 percent Newfoundland and Labrador content.

As of December 31, 2023, total direct employment in the province in support of the Hebron project was 1,023 persons. Of this number, 94 percent of the workers were Newfoundland and Labrador residents at the time of hire and three percent were other Canadian residents.

Table 13: Hebron Employment (as of December 31, 2023)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	428	18	14	460
Offshore Operations	538	15	10	563
Total	966	33	24	1,023

HIBERNIA

HMDC reported expenditures of approximately \$639 million in the 2023 calendar year, with 79 percent Canadian content including 56 percent Newfoundland and Labrador content.

As of December 31, 2023, total direct employment in the province in support of the Hibernia project was 1,280 persons. Of this number, 95 percent of the workers were Newfoundland and Labrador residents at the time of hire and three percent were other Canadian residents.

Table 14: Hibernia Employment (as of December 31, 2023)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	523	17	16	556
Offshore Operations	687	27	10	724
Total	1,210	44	26	1,280

TERRA NOVA

Suncor Energy reported expenditures of approximately \$601 million in the 2023 calendar year, with 79 percent Canadian content including 60 percent Newfoundland and Labrador content.

As of December 31, 2023, total direct employment in support of the Terra Nova project was 601 persons. At the time of hire, 95 percent of this total were Newfoundland and Labrador residents and four percent were other Canadian residents.

Table 15: Terra Nova Employment (as of December 31, 2023)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	258	10	6	274
Offshore Operations	311	12	4	327
Total	569	22	10	601

WHITE ROSE/NORTH AMETHYST/WEST WHITE ROSE

Cenovus Energy reported expenditures of approximately \$1.01 billion in the 2023 calendar year, with 76 percent Canadian content including 57 percent Newfoundland and Labrador content.

As of December 31, 2023, total direct employment in support of the White Rose/North Amethyst/West White Rose projects was 2,614 persons. At the time of hire, 75 percent of this total were Newfoundland and Labrador residents and three percent were other Canadian residents.

Table 16: White Rose/North Amethyst/West White Rose Employment (as of December 31, 2023)

LOCATION	RESIDENCY			TOTAL
	NEWFOUNDLAND AND LABRADOR	OTHER CANADIANS	NON-CANADIANS	
Onshore Operations	1,705	60	564	2,329
Offshore Operations	267	14	4	285
Total	1,972	74	568	2,614

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 21 R&D/E&T applications submitted during 2023-24. These applications account for approximately \$34 million in potential in-province R&D/E&T funding. Select areas of interest related to submitted applications include:

- Flemish Pass Stratigraphy and Source to Sink Studies.
- Alternatives to Natural Gas Flaring.
- Artificial Intelligence Fuel Optimization for Marine Fleets.
- Front End Engineering Design Study for Green Energy Innovation Hub.
- Floating Offshore Wind Turbine Design.
- Ocean Wave Energy Unit Fabrication and Tank Testing.
- Artificial Intelligence Centre of Excellence at Memorial University.
- Hyperspectral Imagery Analysis of Carbonate Cement Distributions.

R&D/E&T expenditures for the 2022 calendar year were reviewed in 2023 to determine eligibility under the C-NLOPB's guidelines. Based on a review of work expenditure reports, it was determined that approximately \$24 million was spent on eligible R&D and E&T, bringing the total expenditure to approximately \$684 million since the C-NLOPB's Guidance for Research and Development and Education and Training Expenditures¹⁸ came into effect on April 1, 2004. Updates to these expenditures are posted on an annual basis and can be found on the C-NLOPB website.¹⁹

DIVERSITY INITIATIVES

In 2023-24, staff reviewed diversity initiatives for various offshore activities as part of the approved benefits plan provisions. 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 as identified in the **Employment Equity Act** are considered to include: women, **Aboriginal peoples**, persons with disabilities and members of visible minorities.²⁰

Operators carried out various activities in 2023, including the following programming and relevant initiatives:

- Identified internship opportunities and provided scholarship funding for applicants from equity-deserving groups, administered by Memorial University, College of the North Atlantic, Marine Institute and the Coalition of Persons with Disabilities NL.

¹⁸ Refer to Appendix 2 of the **Benefits Plan Guidelines** available at <https://www.cnlopb.ca/wp-content/uploads/guidelines/benplan.pdf>

¹⁹ <https://www.cnlopb.ca/information/statistics/#benefits>

²⁰ The Review Task Force Report on modernizing the **Employment Equity Act** was released in 2023 and recommends the creation of new designated groups, as well as updating certain terminology and definitions for existing designated groups.

- Engaged with industry and community organizations, such as Trades NL, Association for New Canadians and Women in Resource Development Corporation, to identify diverse candidates and promote equity in the recruitment and selection process, for example, by implementing consistent hiring methodologies and addressing biases (i.e. using inclusive language in job advertisements, offering accessibility assistance throughout the application process).
- Partnered with organizations such as Energy NL and the Newfoundland and Labrador Organization of Women Entrepreneurs to facilitate business access for diverse suppliers and service providers through certifying organizations, including the Canadian Aboriginal and Minority Supplier Council, the Canada 2SLGBTQI+ Chamber of Commerce and WEConnect International.
- Supported community-based programming, such as Let’s Talk Science, Women in Science and Engineering (WISE) Student Summer Employment Program, Learning Disabilities Association and Ukrainian Student Fund.
- Recognized a number of days of significance including, but not limited to, Black History Month, International Women’s Day, PRIDE Month and National Day for Truth and Reconciliation.
- Participated in Diversity, Equity, Inclusion and Belonging (DEIB) awareness training and delivered events and programming through volunteer employee resource groups.
- 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 can be found on the C-NLOPB website and provides project employment statistics, expenditures, procurement and local content information.²¹

²¹ <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.



C-NLOPB Director of Operations attended the International Association of Drilling Contractors Well Control Conference in New Orleans.

OPERATIONS AUTHORIZATIONS

During the review of OA applications received from operators, staff provide technical support and assess operator drilling, well integrity and preventative maintenance related policies and procedures.

During 2023-24, the following OA applications were approved or remained under review:

Table 17: Operation Authorizations Approved or Undergoing Review during 2023-24

OPERATOR	INSTALLATION	DESCRIPTION AND STATUS
bp	M/V Stena IceMAX	Exploration Drilling OA* Approved
Cenovus Energy	TechnipFMC DSV Deep Explorer and LDC Seahunter	Diving OA for the West White Rose Project Under Review
Cenovus Energy	Flexible Fallpipe Vessels Van Oord Stornes and Van Oord Nordnes	Construction OA for the West White Rose Project Under Review
Cenovus Energy	M/V Arctic Horizon and M/V Skandi Vinland	Drilling and Production OA Amendment Approved
Cenovus Energy	To Be Determined (TBD)	Construction OA for the West White Rose Project Concrete Gravity Structure Tow Out Under Review
Cenovus Energy	TBD	Construction OA for the West White Rose Project Topsides Tow Out Under Review
Cenovus Energy	TBD	Construction OA for the West White Rose Project Hook-up and Commissioning Under Review
EMCL	Hercules MODU	Exploration Drilling OA Amendment* Approved
EMCL	Hebron Platform	Drilling and Production OA Amendment Approved
EMCL	M/V Stena DrillMAX	Exploration Drilling OA Amendment* Under Review
EMCL	TBD	Geophysical Seismic OA Under Review
Equinor	Hercules MODU	Exploration Drilling OA* Under Review
HMDC	TBD	Geophysical Seismic OA Under review
Suncor Energy	Terra Nova FPSO	Production OA Approved

*Special Oversight applied

During 2023-24, five development wells and two exploration wells were drilled. Special Oversight Measures were applied by the C-NLOPB to the exploration programs with a focus on pressure surveillance practices, plugging and abandonment procedures and well control measures.

PRODUCTION OPERATIONS AND ASSET LIFE EXTENSION

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 2023-24 fiscal year, staff conducted Asset Life Extension (ALE) reviews for the **Hibernia** Platform, **SeaRose** FPSO and **Terra Nova** FPSO and held monthly meetings with operators to discuss risk-based issues.

In November 2023, the **Terra Nova** FPSO resumed production after a significant ALE project. Additionally, in January 2024, the **SeaRose** FPSO came off station and transited to a drydock in Belfast for an ALE project.

Staff continue to monitor operations for EMCP's OCR for the **Hebron** Platform. Incident reports associated with the OCR are reviewed by the C-NLOPB with corrective actions taken by the operator and tracked to closure. In August 2023, staff conducted an audit of **Hebron** Platform OCR operations with no concerns noted.

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 are maintaining well integrity to the highest standards. During 2023-24, 96.7 percent of development wells had a healthy well status, with three new well integrity impairments, one with monitoring ongoing, and two already being addressed by operators. Staff continued to verify that operators either addressed and corrected the impairments, or had additional mitigations and monitoring plans in place while progressing plans toward repairs.

Table 18 lists the oversight activities of well operations completed during 2023-24:

Table 18: Well Operations Oversight Activity for 2023-24

ACTIVITY	NUMBER COMPLETED
ACW	14
ADW	4
Development Wells - Integrity Monitoring	183
OA Operational Safety Assessments	3
Operational Audits/Inspections	2
Production Operations Oversight Meetings	39
Wells Subject to Special Oversight	2
Well Operations Monitored	26
Well Termination Notifications	9

REGIONAL TECHNICAL COLLABORATION

During 2023-24, a technical committee comprised of C-NLOPB staff and industry personnel was established to review and update the well control training requirements of the Canadian Association of Petroleum Producers (CAPP) Training and Qualification Standard Practice. This work is ongoing.

C-NLOPB REGULATORY REFORM PROJECT TEAM

During 2023-24, staff focused on progressing the development of guidance associated with the proposed **Framework Regulations**. Internal training and awareness associated with the new **Framework Regulations** continued during the reporting period, as well as updates to processes, documents and website content. On February 28, 2024, NRCan published the Canada Gazette 2 version of the **Framework Regulations**. Shortly after publication of the **Framework Regulations**, the C-NLOPB will issue the updated guidelines to industry and the public for consultation.

The C-NLOPB will be issuing three new guidelines as a result of the **Framework Regulations**:

- **Guideline for the Framework Regulations**
- **Guideline for Petroleum Related Authorizations and Approvals**
- **Contingency Plan Guideline**

Table 19 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, withdrawn 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 CAPP.

Table 19: List of Key Existing Guidelines Requiring Revision

NAME OF GUIDELINE
Environmental Protection Plan Guidelines
Safety Plan Guidelines

CERTIFICATION OVERSIGHT

During the fiscal year, 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, staff reviewed and assessed revised SOW for the M/V **Stena DrillMAX** and DSV **Deep Explorer**.

As part of the ongoing oversight of certification activities, staff also reviewed CA reports, met regularly with CAs and attended CA surveys.

Table 20: C-NLOPB Oversight of Certifying Authority Activity for 2023-24

ACTIVITY	NUMBER COMPLETED
Oversight Meetings	67
Oversight of CA Installation Verification	6
SOW Assessments	2

Table 21: Installations Monitored for Certifying Authority Activity in 2023-24

INSTALLATION NAME	INSTALLATION TYPE	CERTIFYING AUTHORITY
DSV Deep Explorer	Diving	Det Norske Veritas (DNV)
Hebron Platform	Production	Lloyd’s Register (LR)
Hercules MODU	Drilling	DNV
Hibernia Platform	Production	LR
SeaRose FPSO	Production	DNV
M/V Stena DrillMAX	Drilling	DNV
M/V Stena IceMAX	Drilling	DNV
Terra Nova FPSO	Production	LR
West White Rose Project	Production	LR

CAs also undertake verification activities as Class Societies and Delegated Authorities on behalf of Flag States. In the context of DNV and LR as delegated authorities for Canadian Flagged installations, staff continued to work with Transport Canada Marine Safety and Security during 2023-24, to share information on matters of mutual interest related to marine safety.

The move toward primarily performance-based **Framework Regulations**, through the Frontier and Offshore Regulatory Renewal Initiative, has identified a requirement for Certification Plans (CPs) to contain details that CAs will undertake verification activity against and reference, in the corresponding SOW. During the reporting period, staff developed a draft internal process to enable effective and efficient interdepartmental review of CPs.



SeaRose FPSO

RIGHTS MANAGEMENT

CALLS FOR NOMINATIONS

Pursuant to the Scheduled Land Tenure System, the C-NLOPB issued the following Call for Nominations during the 2023-24 fiscal year.²²

Table 22: Calls for Nominations during 2023-24

CALL FOR NOMINATIONS	ISSUANCE DATE	CLOSING DATE
NL23-CFN01 (Parcels – EN)	September 19, 2023	November 8, 2023
NL23-CFN02 (Parcels –JDA)	September 19, 2023	November 8, 2023
NL24-CFN01 (Areas of Interest – EN)	January 19, 2024	March 6, 2024
NL24-CFN02 (Areas of Interest – Low Activity Regions)	January 19, 2024	March 6, 2024

CALLS FOR BIDS

Pursuant to the Scheduled Land Tenure System, the following Calls for Bids were offered during the 2023-24 fiscal year.

Table 23: Active Calls for Bids during 2023-24

CALLS FOR BIDS	PARCELS OFFERED	PARCELS AWARDED	CLOSING DATE	SUCCESSFUL BID (WORK EXPENDITURE COMMITMENTS)
NL23-CFB01 (EN)	28	0	November 1, 2023	Nil
NL23-CFB02 (SEN)	19	0	November 1, 2023	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 2023-24 fiscal year, ELs 1147, 1148 and 1168 expired and SDL 1060 was issued.²³

As of March 31, 2024, there were 15 ELs, 60 SDLs and 12 PLs in the Offshore Area.

²² <https://www.cnlopb.ca/exploration/issuance/>

²³ <https://www.cnlopb.ca/exploration/tables/>

OPERATING LICENCES

Any person planning to undertake any petroleum-related work or activity in the Offshore Area must obtain an Operating Licence (OL). Table 24 shows the 14 OLs issued by the C-NLOPB during the 2023-24 fiscal year.

Table 24: Operating Licences Issued during Fiscal Year 2023-24

OPERATING LICENCE	OPERATOR
OL 2301	Hibernia Management and Development Company Ltd.
OL 2302	ExxonMobil Canada Ltd.
OL 2303	ExxonMobil Canada Ltd., as Managing Partner for ExxonMobil Canada Properties
OL 2304	Chevron Canada Limited
OL 2305	Chevron Canada Limited, as Managing Partner for Chevron Canada Resources
OL 2306	Cenovus Energy Inc.
OL 2307	BP Canada Energy Group ULC
OL 2308	Fugro GeoSurveys, a division of Fugro Canada Corp.
OL 2309	Electromagnetic Geoservices Canada Inc.
OL 2310	Suncor Energy Inc.
OL 2311	Imperial Oil Resources Limited
OL 2312	Equinor Canada Ltd.
OL 2313	Schlumberger Canada Limited, as Managing Partner for WesternGeco Limited
OL 2314	Shoal Point Energy Ltd.

FUNDS COLLECTED AND RECORDED

Under the **Accord Acts**, the C-NLOPB is responsible for the collection of certain fees, forfeitures and rentals. In 2023-24, \$212,139,640.95 was collected, recorded and forwarded to NRCan on behalf of the Receiver General for Canada.

Table 25: Funds Collected and Recorded on Behalf of the Receiver General for Fiscal Year 2023-24

FEES, FORFEITURES AND RENTALS	AMOUNT COLLECTED
Forfeitures (Drilling Deposits)	\$10,000,000.00
Forfeitures (Security Deposits)	\$199,639,093.95
Operating Licences	\$650.00
Rentals	\$2,499,897.00
Total	\$212,139,640.95

Since its inception, the C-NLOPB has collected \$665,570,030.82 on behalf of the Crown for land tenure transactions. Further information on fees, forfeitures and rentals can be found on the C-NLOPB website.²⁴

²⁴ <https://www.cnlopb.ca/exploration/tables/>

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 in the following Land Tenure regions were approved during 2023-24, as shown in Table 26. The C-NLOPB reviewed and authorized four geoscientific programs with fieldwork in the Offshore Area in 2023-24, as detailed in Table 27.

Table 26: Geoscientific Programs without Fieldwork Authorized during 2023-24

COMPANY	STUDY TYPE	REGION
bp	Data Purchase	EN
College of the North Atlantic	Petrographic	Regional
EMCL	Petrographic	SEN
Oil & Gas Corporation of Newfoundland and Labrador (OilCo)	Biostratigraphic	EN

Table 27: Geoscientific Programs with Fieldwork Authorized during 2023-24

OPERATOR	OPERATIONS AUTHORIZATION	REGION	OTHER DATA
EMCL	Pre-Drill Seabed Survey	JDA	17 km- Video
EMCL	Pre-Drill Seabed Survey	EN	13 km- Video
EMCL	Pre-Drill Seabed Survey	JDA	14 km-Video
Equinor	Pre-Drill Seabed Survey	EN	44 km-Video

PRODUCTION ACCOUNTING

Production volume data received from operators is entered into production accounting software by 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 in all of the producing fields in the Offshore Area. The C-NLOPB is in the process of moving 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. Staff review Annual Production Reports submitted by operators, and also conduct daily monitoring and review monthly production data to ensure operators are following approved development plans. The following table shows production for each field in the Offshore Area during 2023-24.

Table 28: Field Production Statistics for 2023-24

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
Hebron	42.13	16.67	23.76	0.27	5.54	10.80	25.58	64.13	115,011
Hibernia	23.97	98.37	38.46	1.71	5.35	91.30	15.82	64.40	65,519
North Amethyst	1.11	4.17	8.36	0.16	0.41	3.25	6.22	0.03	3,012
Terra Nova	2.41	9.36	0.93	3.73	0.46	5.13	0.70	0.10	6,656
White Rose	2.40	20.00	2.31	0.69	1.77	15.56	6.89	0.03	6,544

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

Table 29 shows total cumulative production for each field up to March 31, 2024.

Table 29: Field Production Statistics Cumulative to March 31, 2024

FIELD	PRODUCTION			GAS DISPOSITION				WATER INJECTED
	Oil	Gas	Water	Flared	Fuel	Injected	Lift	
	MMbbl	Bscf	MMbbl	Bscf	Bscf	Bscf	Bscf	MMbbl
Hebron	270.00	108.55	66.14	10.73	33.75	64.03	113.22	333.79
Hibernia	1,269.82	2,296.61	811.67	106.81	139.09	2,050.64	72.16	2,007.38
North Amethyst	60.57	63.66	120.95	4.73	9.51	47.87	83.30	149.96
Terra Nova	427.44	851.72	379.08	68.38	75.74	691.55	143.25	810.69
White Rose	267.71	439.19	174.21	42.22	54.62	332.05	165.52	565.74

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 the data to calculate royalties.

During the reporting period, recertification and calibration witnessing took place on board both the **Hebron** and **Hibernia** Platforms in the summer of 2023. Cenovus Energy was granted an extension for the **SeaRose** FPSO master meter recertification due to ALE activities. Recertification on the **SeaRose** FPSO is expected to resume in the summer of 2024. Suncor Energy recertification and calibration took place in winter of 2023; however, C-NLOPB representatives were unable to attend in this instance. Staff will review results with the third party recertification authority.

REGULATORY COORDINATION, PLANNING AND INNOVATION

REGULATORY COORDINATION

Authorizations require detailed assessments of regulatory applications in the key areas of Safety, Environment, Operations, Resource Management, Exploration, Industrial Benefits, and Financial Responsibility. These assessments are discussed in detail throughout this report.

Staff facilitate, coordinate and enable the regulatory process. This is an important aspect of the approval process for the authorization of activities including: drilling, production, construction, diving, geo-scientific, geotechnical and environmental programs.

DEVELOPMENT PLAN APPLICATIONS

The C-NLOPB is responsible for the regulatory assessment and approval of Development Plan Applications (DPA) and Amendments, including the Fundamental Decision process. A significant multi-departmental assessment is completed for DPAs including; public consultation, safety, protection of the environment, industrial benefits, operations and resource management. During the reporting period the C-NLOPB had two DPAs under regulatory review.

ExxonMobil's Development Plan Amendment Application for the Jeanne d'Arc Sand Intervals was approved by the Board on October 26, 2023. This Amendment was an update to the existing Hebron Development Plan (Decision Report 2012.01) and allows the proponent to develop the remaining sand reservoirs in the JDA Formation. The added reserves account for up to five percent of the expected ultimate recovery at the Hebron Field over the life of the project.

Cenovus Energy's Development Plan Amendment Application for the use of Stand-Alone Subsea Christmas Trees in the White Rose and North Amethyst Fields was under review as of March 31, 2024. This Amendment is an application for a technology concept of new well completion technology. During the reporting period, a public consultation was conducted. If approved, any future implementation of this technology would require a project specific DPA to be submitted and assessed at that time.

OFFICIAL LANGUAGES

Through a MOU signed in March 2023, NRCan and the C-NLOPB have agreed to the Procurement of French Services by which NRCan will cover the costs associated with French translation services. This is to ensure products produced by the C-NLOPB are available to the public in both Official Languages.

INNOVATION

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. The C-NLOPB is committed to the growth and capability of the local digital ecosystem.

While creating significant opportunities, the regulation of advanced digital technologies generates new expectations and challenges for the C-NLOPB. Working with operators, governments, stakeholders and other regulatory colleagues across Canada and around the world, 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 equal to or greater than that currently in use.

The C-NLOPB's current priorities for regulatory oversight of innovation include:

- Regulatory equivalency of new digital technologies
- Training, competency and human factors
- Data and information management
- Cyber security
- Local digitalization ecosystem

Cyber security will continue to be prioritized and evolve with industry best practices.

DIGITAL TECHNOLOGY IMPLEMENTATION

The C-NLOPB recognizes the need for continued organizational modernization and innovation, as well as continued growth of capacity and capabilities. Focused on enabling increased efficiency, effectiveness and analytical capability to allow for improved regulatory outcomes and enhanced oversight, the C-NLOPB is implementing upgrades and new digital technologies. Strategic planning and coordination of these digital technologies is a priority to accomplish successful implementations.

During 2023-24, staff continued to progress the assessment, prioritization, planning and implementation of the following digitalization projects:

- **Data Management System**
 - The Data Management System (DMS) will house data related to offshore activities, including future renewable energy projects. The DMS increases data management efficiencies and availabilities and provides additional capabilities in data analysis and analytics. The new DMS will be cloud based and will modernize data and information submission and access. With the proposal process completed, this project implementation is scheduled to start in 2024.
- **Electronic Document Management Systems Upgrade**

An integral system to daily operations, this upgrade is to be completed in 2024 and will introduce advanced features and efficiencies to support and enhance internal information management across all C-NLOPB operations.
- **Human Resources and Finance Systems**
 - To enhance and modernize the existing separate 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, the Synergi Life project, which is nearing completion will provide significant improvements in analysis and trend identification of safety data.
- **Cyber Security**
 - Improvements implemented to cyber security systems include: a new firewall configuration, a robust anti-virus solution to replace legacy software and a replacement of the email gateway.
- **Backup System**
 - The C-NLOPB implemented a leading edge backup system with internal redundancy while leveraging cloud technologies to improve the speed and efficiency of the backup process for critical data.



Hebron Platform

CORPORATE SERVICES

BUSINESS MANAGEMENT SYSTEM

During 2023-24, the C-NLOPB continued to work on the Business Management System and its core processes. Audits of core processes commenced in 2022-23 and have continued throughout 2023-24.

DIVERSITY, EQUITY, INCLUSION AND BELONGING

The C-NLOPB is committed to enhancing DEIB within the organization. A consultant was engaged to complete a DEIB survey to obtain a better understanding of strengths and areas for development. The insights gathered from the survey will be invaluable in better supporting staff and significantly shaping strategies for the future.

INTERNAL POLICIES

Throughout the year, focus was placed on reviewing the existing Procurement Policy and Signing Authorities Policy. Work-flow process documents were created to assist employees with procurement of goods and services, the contract process, contract change orders, requests for proposals and credit card usage.

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 on user awareness training to educate employees about cyber threats and cyber security protection practices. Several IT systems underwent modernization efforts throughout the year, including telecommunications, audio visual for the Emergency Operations Centre and cyber security technologies. IT continues to support C-NLOPB operations with planning and implementation of various digitalization projects.

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. 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 Hub ²⁵ while all other requests and inquiries will continue to be directed to information@cnlopb.ca. During 2023-24, the following information was added or updated: active and inactive licence abstracts and registry documents, inactive land tenure documents, and routine updates to shapefiles, wells and geophysical programs.

REQUESTS FOR INFORMATION

During 2023-24, the C-NLOPB received 100 requests for information from external parties. These requests were primarily related to access to non-privileged offshore petroleum technical data provided to the C-NLOPB by operators. These did not require formal applications under the **Access to Information Act (ATIA)**. Requests for Information received in 2023-24 can be found in Table 30.

Table 30: Requests for Information Received in 2023-24

TYPE OF REQUEST	NUMBER OF REQUESTS
Educational/Academic	6
Government of Canada	8
Government of Newfoundland and Labrador	19
Industry	63
Other	4
Total	100

ACCESS TO INFORMATION ACT

As required by the **ATIA**, a separate annual report on the C-NLOPB's administration of **ATIA** during 2023-24 will be tabled in Parliament in 2024 and posted to the C-NLOPB's website.²⁶ The following table outlines requests received during the reporting period under the **ATIA**.

Table 31: Requests under the Access to Information Act for 2023-24

TYPE OF REQUEST	NUMBER OF REQUESTS
Requests Closed	4
Requests Carried over to 2023-24	0
Consultations Closed	3
Complaints	0
Court Action	0

²⁵ <https://home-cnlopb.hub.arcgis.com/>

²⁶ <https://www.cnlopb.ca/information/atip/>

INTERNATIONAL COLLABORATION

INTERNATIONAL REGULATORS' FORUM

As the International Regulators' Forum (IRF) Performance Measurement Project Lead in 2023-24, 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 the National Offshore Petroleum Safety and Environmental Management Authority, the in-person and virtual Annual General Meeting (AGM) was held in October 2023 in Perth, Australia. Members, which include offshore petroleum health and safety regulatory leaders from each of the IRF's 11 member countries - Australia (Chair), Brazil, Canada, Denmark, Ireland, Mexico, the Netherlands, New Zealand, Norway, the United Kingdom and the United States – reviewed key industry performance indicators, discussed best practices and shared lessons learned. Key discussion topics focused on asset integrity, decommissioning, and transitioning and expansion of the energy spectrum.

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 Perth, Australia in October 2023. Staff continued to participate in the IOPER Oil Spill Working Group and Marine Sound Working Group meetings throughout 2023.

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.²⁷

REGIONAL AND INTERNATIONAL TECHNICAL COLLABORATION

During the fiscal year the C-NLOPB continued to participate in the 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 has finalized its multinational audit report on maintaining safe operations. Publication is anticipated in 2024.

C-NLOPB staff also met with the Bureau of Safety and Environmental Enforcement (United States) and the Commission for Regulation of Utilities (Ireland) to discuss regulatory approach and learnings associated with Managed Pressure Drilling and new technology that will be implemented in this area in 2024.

²⁷ <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.



Terra Nova FPSO

APPENDIX: LIST OF ABBREVIATIONS AND UNITS

LIST OF ABBREVIATIONS

Accord Acts	Atlantic Accord Implementation Acts
ACW	Alter the Condition of a Well
Advisory Council	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
CAPP	Canadian Association of Petroleum Producers
CCS	Carbon Capture and Storage
CEAA 2012	Canadian Environmental Assessment Act, 1992
Cenovus Energy	Cenovus Energy Inc.
C-NLOPB	Canada-Newfoundland and Labrador Offshore Petroleum Board
CNSOPB	Canada Nova Scotia Offshore Petroleum Board
CP	Certification Plan
CSO	Chief Safety Officer
CSRC	Core Storage and Research Centre
CVA	Compliance Verification Activities
CVM	Compliance Verification Matrix
DEIB	Diversity, Equity, Inclusion and Belonging
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
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
IA	Impact Assessment
IOPER	International Offshore Petroleum Environmental Regulators
IT	Information Technology
JDA	Jeanne d’Arc
LDC	Light Diving Craft
LR	Lloyd’s Register
M/V	Motor Vessel
MODU	Mobile Offshore Drilling Unit
MOU	Memoranda of Understanding
NRCan	Natural Resources Canada
NSOAF	North Sea Offshore Authorities Forum
OA	Operations Authorization
OCR	Onshore Control Room
Offshore Area	Canada-Newfoundland and Labrador Offshore Area
OHS	Occupational Health and Safety
OL	Operating Licence
PL	Production Licence
R&D	Research and Development
RQ	Regulatory Query
SDL	Significant Discovery Licence
SEN	Southeastern Newfoundland
SN	Southern Newfoundland
Suncor Energy	Suncor Energy Inc.
SOW	Scopes of Work
TBD	To Be Determined

LIST OF UNITS

bbbl	barrels
bscf	billion standard cubic feet
kg	kilograms
km	kilometres
MMbbbl	million barrels
t CO2 e	tonnes of carbon dioxide equivalent

FINANCIAL STATEMENTS

Financial Statements of

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

And Independent Auditor's Report thereon

Year ended March 31, 2024



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, 2024
- 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, 2024, 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.



Page 3

- 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', with a small upward tick at the end.

Chartered Professional Accountants

St. John's, Canada

May 24, 2024

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Financial Position

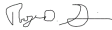
March 31, 2024 with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 22,585,612	\$ 21,340,586
Receivables (note 2)	614,320	417,637
	<u>23,199,932</u>	<u>21,758,223</u>
Liabilities		
Payables and accruals (note 3)	14,057,948	11,344,890
Accrued employee future benefit obligation (note 4)	13,401,400	13,393,200
	<u>27,459,348</u>	<u>24,738,090</u>
Net debt	(4,259,416)	(2,979,867)
Non-financial assets		
Prepays	2,003,549	724,000
Tangible capital assets (Schedule 1)	3,529,212	3,398,387
	<u>5,532,761</u>	<u>4,122,387</u>
Commitments (note 6)		
Accumulated surplus	\$ 1,273,345	\$ 1,142,520

See accompanying notes to the financial statements.

On behalf of the Board

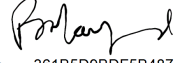
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Board Member

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Operations

Year ended March 31, 2024 with comparative information for 2023

	Actual 2024	Budget 2024	Actual 2023
Revenue:			
Operating grants:			
Government of Canada	\$ 11,861,859	\$ 12,915,000	\$ 11,347,339
Government of Newfoundland and Labrador	11,861,859	12,915,000	11,347,339
	<u>23,723,718</u>	<u>25,830,000</u>	<u>22,694,678</u>
Add:			
Costs recovered from industry	23,723,718	25,830,000	22,694,678
Interest and other	1,013,133	346,000	454,890
	<u>24,736,851</u>	<u>26,176,000</u>	<u>23,149,568</u>
Less:			
Cost recoveries refunded to governments	23,723,718	25,830,000	22,694,678
	<u>24,736,851</u>	<u>26,176,000</u>	<u>23,149,568</u>
Net revenue	24,736,851	26,176,000	23,149,568
Expenses (schedule 2)			
Board and executive office	1,900,313	2,652,045	2,875,879
Communications and public engagement	384,631	286,827	-
Corporate services	8,031,705	8,759,744	7,492,659
Environmental affairs	1,518,331	1,467,574	1,296,552
Exploration and information resources	2,652,786	2,700,942	2,433,997
Industrial benefits	475,577	447,607	396,925
Legal	920,088	914,904	626,016
Operations	2,319,128	2,351,046	2,258,183
Regulatory coordination, planning and innovation	681,863	687,918	715,993
Resource management	2,759,442	2,815,875	2,678,028
Safety	2,962,162	3,008,653	2,575,033
	<u>24,606,026</u>	<u>26,093,135</u>	<u>23,349,265</u>
Annual surplus (deficit)	\$ 130,825	\$ 82,865	\$ (199,697)

See accompanying notes to the financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Changes in Accumulated Surplus

Year ended March 31, 2024 with comparative information for 2023

		Actual 2024	Budget 2024	Actual 2023
Accumulated surplus, beginning of year	\$	1,142,520	\$ 495,913	\$ 1,342,217
Annual surplus (deficit)		130,825	82,865	(199,697)
Accumulated surplus, end of year	\$	1,273,345	\$ 578,778	\$ 1,142,520

See accompanying notes to financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Net Debt

Year ended March 31, 2024 with comparative information for 2023

	2024	2023
Annual surplus (deficit)	\$ 130,825	\$ (199,697)
Acquisition of tangible capital assets	(981,062)	(937,306)
Amortization of tangible capital assets	850,237	1,137,003
Increase in prepaids	(1,279,549)	(108,027)
Increase in net debt	(1,279,549)	(108,027)
Net debt, beginning of year	(2,979,867)	(2,871,840)
Net debt, end of year	\$ (4,259,416)	\$ (2,979,867)

See accompanying notes to financial statements.

Canada - Newfoundland and Labrador Offshore Petroleum Board

Statement of Cash Flows

Year ended March 31, 2024 with comparative information for 2023

	2024	2023
Cash provided by:		
Operating activities:		
Annual surplus (deficit)	\$ 130,825	\$ (199,697)
Amortization of tangible capital assets	850,237	1,137,003
	981,062	937,306
Change in non-cash items:		
Accrued employee future benefit obligation	8,200	735,900
Receivables	(196,683)	1,478,127
Prepays	(1,279,549)	(108,027)
Payables and accruals	2,713,058	1,636,039
Operating transactions	2,226,088	4,679,345
Capital activity:		
Cash used to acquire tangible capital assets	(981,062)	(937,306)
Increase in cash and cash equivalents	1,245,026	3,742,039
Cash and cash equivalents, beginning of year	21,340,586	17,598,547
Cash and cash equivalents, end of year	\$ 22,585,612	\$ 21,340,586

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements
Year ended March 31, 2024

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, 2024

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, 2024

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:

	2024		2023	
Trade	\$	33,303	\$	11,879
Other		581,017		405,758
	\$	614,320	\$	417,637

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2024

3. Payables and accruals:

	2024	2023
Trade	\$ 6,002,168	\$ 3,531,298
Government of Canada	4,027,890	3,906,796
Government of Newfoundland and Labrador	4,027,890	3,906,796
	\$ 14,057,948	\$ 11,344,890

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, 2024.

The accrued benefit liability and benefits expense are outlined below:

	2024	2023
Reconciliation of funded status	\$ 7,832,200	\$ 7,055,100
Unamortized net actuarial gains	4,120,500	4,880,900
Accrued benefit liability	\$ 11,952,700	\$ 11,936,000

	2024	2023
Net benefit expense		
Current service cost	\$ 231,400	\$ 540,400
Amortization of actuarial (gain) loss	(323,600)	13,600
Interest cost	280,300	262,000
	\$ 188,100	\$ 816,000

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2024

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.

	2024	2023
Accrued benefit liability	\$ 1,448,700	\$ 1,457,200

The accrued benefit liability is net of unamortized actuarial gains of \$79,300 (2023 - \$125,300).

	2024	2023
Net benefit expense:		
Current service cost	\$ 95,100	\$ 119,200
Amortization of actuarial (gain) loss	(8,500)	2,400
Interest cost	52,800	33,000
	\$ 139,400	\$ 154,600

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

	2024	2023
Discount rate	3.60%	3.90%
Rate of increase in compensation levels	2.00%	2.00%
Dental inflation rate	4.00% ¹	4.00%
Medical inflation rate	4.00% ²	4.00%

¹ 8.5% per year in 2023, 6.25% per year in 2024 and 4.00% per year in and after 2025.

² 5.7% per year in 2023, reducing to an ultimate rate of 4.00% per year over 17 years.

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, 2024

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 \$1,369,501 (2023 - \$1,289,440). 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, 2025	\$1,788,066
March 31, 2026	1,796,398
March 31, 2027	1,815,646
March 31, 2028	1,835,857
March 31, 2029	1,857,078

Canada - Newfoundland and Labrador Offshore Petroleum Board

Notes to the financial statements (continued)

Year ended March 31, 2024

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, 2024.

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 \$14,057,948 (2023 - \$11,344,890), 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 \$614,320 (2023 - \$417,637). 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 from the Government of Canada	\$ 11,861,859
Operating grant from the Government of Newfoundland and Labrador	11,861,859
Cost recoveries refunded to Government of Canada	11,861,859
Cost recoveries refunded to Government of Newfoundland and Labrador	11,861,859

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 1 - Tangible Capital Assets

Year ended March 31, 2024

	Land and parking lot	Buildings	Leasehold improvements	Furniture and fixtures	Data management system	Computer software	Computer equipment	2024	2023
Cost, beginning 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
Additions during the year	–	36,877	20,088	36,259	–	93,779	794,059	981,062	937,306
Disposals during the year	–	–	–	(1,418)	–	–	(170,701)	(172,119)	–
Cost, end of year	\$ 258,297	\$ 3,583,501	\$ 325,341	\$ 733,268	\$ 1,108,298	\$ 2,382,719	\$ 6,630,284	\$ 15,021,708	\$ 14,212,765
Accumulated amortization, beginning of year	\$ –	\$ 1,808,127	\$ 137,730	\$ 470,342	\$ 1,108,298	\$ 2,188,858	\$ 5,101,023	\$ 10,814,378	\$ 9,677,375
Amortization	–	70,277	63,059	86,153	–	100,082	530,666	850,237	1,137,003
Reversals of accumulated amortization relating to disposals	–	–	–	(1,418)	–	–	(170,701)	(172,119)	–
Accumulated amortization, end of year	\$ –	\$ 1,878,404	\$ 200,789	\$ 555,077	\$ 1,108,298	\$ 2,288,940	\$ 5,460,988	\$ 11,492,496	\$ 10,814,378
Net book value of tangible capital assets	\$ 258,297	\$ 1,705,097	\$ 124,552	\$ 178,191	\$ –	\$ 93,779	\$ 1,169,296	\$ 3,529,212	\$ 3,398,387

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 2 - Expenses
Year ended March 31, 2024

	2024	2023
Board and Executive Office:		
Consultants fees	\$ 62,761	\$ 415,036
Miscellaneous	6,789	10,902
Training and conferences	95,630	55,858
Travel	115,732	55,537
Wages and benefits	1,619,401	2,338,546
	<u>1,900,313</u>	<u>2,875,879</u>
Communications and Public Engagement¹:		
Consultants fees	59,305	-
Materials	20,581	-
Miscellaneous	1,601	-
Training and conferences	17,271	-
Travel	2,505	-
Wages and benefits	283,368	-
	<u>384,631</u>	<u>-</u>
Corporate Services:		
Amortization of tangible capital assets	850,237	1,137,003
Computer support and maintenance	2,147,557	1,814,439
Consultants fees	165,059	-
General office maintenance	484,330	492,506
Rent and premises	1,955,436	1,858,409
Training and conferences	20,562	4,142
Travel	3,997	6,012
Wages and benefits	2,404,527	2,180,148
	<u>8,031,705</u>	<u>7,492,659</u>
Environmental Affairs:		
Consultants fees	(500)	(322)
Miscellaneous	2,531	3,389
Training and conferences	79,525	25,612
Travel	12,968	7,457
Wages and benefits	1,423,807	1,260,416
	<u>1,518,331</u>	<u>1,296,552</u>
Exploration and Information Resources:		
Consultants fees	76,019	24,353
Miscellaneous	6,892	5,028
Training and conferences	84,115	35,178
Wages and benefits	2,485,760	2,369,438
	<u>2,652,786</u>	<u>2,433,997</u>
Industrial Benefits:		
Consultants fees	16,125	-
Miscellaneous	954	1,124
Training and conferences	11,351	3,370
Travel	6,808	-
Wages and benefits	440,339	392,431
	<u>475,577</u>	<u>396,925</u>

Canada - Newfoundland and Labrador Offshore Petroleum Board

Schedule 2 - Expenses (continued)
Year ended March 31, 2024

	2024	2023
Legal:		
Consultants fees	\$ 137,883	\$ -
Miscellaneous	1,566	1,672
Training and conferences	24,256	8,586
Travel	188	-
Wages and benefits	756,195	615,758
	<u>920,088</u>	<u>626,016</u>
Operations:		
Consultants fees	8,616	-
Miscellaneous	3,952	4,442
Training and conferences	104,785	53,705
Travel	19,318	5,762
Wages and benefits	2,182,457	2,194,274
	<u>2,319,128</u>	<u>2,258,183</u>
Regulatory Coordination, Planning and Innovation:		
Miscellaneous	1,001	2,085
Training and conferences	3,751	18,977
Wages and benefits	677,111	694,931
	<u>681,863</u>	<u>715,993</u>
Resource Management:		
Miscellaneous	5,999	5,058
Training and conferences	96,365	72,780
Travel	134	-
Wages and benefits	2,656,944	2,600,190
	<u>2,759,442</u>	<u>2,678,028</u>
Safety:		
Consultants fees	112,934	4,525
Miscellaneous	6,172	7,310
Training and conferences	113,752	146,010
Travel	70,200	9,416
Wages and benefits	2,659,104	2,407,772
	<u>2,962,162</u>	<u>2,575,033</u>
	<u>\$ 24,606,026</u>	<u>\$ 23,349,265</u>

¹ In April 2023 employees transferred from the Regulatory Coordination, Planning and Innovation department to form the Communications and Public Engagement department.



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