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CANADA - NOVA SCOTIA OFFSHORE PETROLEUM BOARD

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May 10, 2005

Mr. Ian Travers
Manager
Pollution Prevention Division
Environmental Protection Branch
Environment Canada (Atlantic Region)
16th Floor, Queen Square
45 Alderney Drive
Dartmouth, NS
B2Y 2N6

Dear Mr. Travers:

Re: BEPCo Canada Company – Exploration Drilling on EL 2407

I am writing in response to your e-mail dated May 3, 2005 and the meeting held on May 9, 2005 with the Canadian Environmental Assessment Agency. The results of the further consultation on the issues raised are summarized below.

Requirements for chemicals and products selected, used, and discharged into the environment during the process of drilling a well are detailed in the *Offshore Waste Treatment Guidelines* (August 2002), and the *Guidelines Respecting The Selection Of Chemicals Intended To Be Used In Conjunction With Offshore Drilling & Production Activities On Frontier Lands* (January 1999). These Guidelines are used as part of our standard regulatory regime and were developed in collaboration with Environment Canada and others. The Guidelines will be conditions of authorization for BEPCo's proposed project and are specified as mitigation measures in the Comprehensive Study Report. In addition BEPCo have committed to adhere to the MARPOL requirements for discharges. As agreed in our meeting, the review of chemicals and products used in exploratory drilling projects will be discussed further under the terms of the MOU between the Canada Nova Scotia Offshore Petroleum Board and Environment Canada.

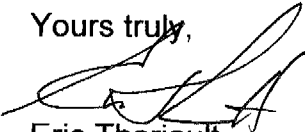
The issue regarding measures that will be taken to protect marine birds, if an oil spill were to occur, will be required in BEPCo's oil spill contingency plan. These contingency plans are a standard requirement by the Board. Also, BEPCo have

committed to the implementation of an Emergency and Oil Spill Response Plan. In the past, Environment Canada (Emergencies) and Canadian Coast Guard (Emergencies) have always been provided a copy of operator's oils spill contingency plans for review and comment. Following established protocols, these Departments will receive a copy of BEPCo's plan once prepared. We will require that BEPCo include a section in their Oil Spill Response Plan on protection measures for marine birds during spill incidents. The Board will look forward to receiving Environment Canada's comments and advice on the plan.

The final item discussed related to the follow – up on benthic monitoring at the wellsite upon completion of drilling activities. The Board will review similar activities undertaken in other jurisdictions for deep water wells. As detailed in the draft *Environmental Effects Monitoring Coordination Framework* developed by the Canada-Nova Scotia Offshore Petroleum Board, Department of Fisheries and Oceans, and Environment Canada, your Department will have the opportunity to provide the CNSOPB advice on the development and results of BEPCo's program.

I trust this summarized our discussion adequately. Please advise if you are in concurrence with the above.

Yours truly,



Eric Theriault
Advisor Environmental Affairs

cc A. Parker
L. Fanning (EC)
D. McDonald (CEAA)
S. LeRoy (CEAA)