



Deep Panuke

Supplier and Infrastructure Assessment 2013 Update (March 2014)

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1 INTRODUCTION

Condition 11 of the Canada-Nova Scotia Benefits Plan Decision Report and Development Plan Decision Report (the Decision Report) as issued by the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) on October 3, 2007 requires Encana to provide a Supplier and Infrastructure Assessment one year after first gas production from Deep Panuke. The following report is submitted with respect to this requirement.

Previous assessments from 2009-2013 are posted on the CNSOPB website. Encana entered the operations phase at Deep Panuke in August 2013 when natural gas exports started from the field. With this shift from development to operations at Deep Panuke, this is the final assessment to be submitted by Encana.

Building upon the previous assessments, this document provides an update in accordance with the requirement under Condition 11 as pertaining to Deep Panuke activities in 2013.

1.1 Deep Panuke

The project entails facilities required to produce and process natural gas from the Deep Panuke field, approximately 250 kilometres (155 miles) southeast of Halifax, Nova Scotia on the Scotian Shelf. Natural gas from Deep Panuke is processed offshore and transported, via subsea export pipeline, to Goldboro, Nova Scotia for further transport to market via the Maritimes & Northeast Pipeline.

2 PROCUREMENT

2.1 Background

Past editions of this assessment described in detail Encana's approach to procurement at Deep Panuke. In 2013, Encana carried forward with the established approach. As expected, local suppliers continued to demonstrate a high level of familiarity about the qualifications and requirements for participation in tendering opportunities at Deep Panuke and have a full understanding of how to participate in project procurement opportunities.

2.2 Tendering in 2013

In 2013, virtually all development work on Deep Panuke was complete, leading to the start of natural gas production from the production field centre (PFC) in August. Thus new procurement activity in 2013 was less in comparison to previous years. Contracts to support operations activities are in place, with many companies providing ongoing support for Deep Panuke since the installation of the PFC offshore in 2011, and in some cases before its arrival in Nova Scotia. Nova Scotian-based companies successful with opportunities released by Encana in 2013 provided expertise in loss prevention/risk assessment, analytic services and standby vessel.

Single Buoy Moorings (SBM) is responsible for the engineering, procurement, construction, installation, and commissioning of the PFC for Deep Panuke, as well as the ongoing operations for the PFC. In 2013, local companies and workers continued to participate in the hook-up and offshore installation and commissioning of the PFC, led by AMEC Black & McDonald (SBM's hook-

up and commissioning contractor). In 2013, SBM issued expressions of interest for medical services and catering and housekeeping services.

2.3 Tendering – Summary

The chart below summarizes tender activities by Encana and its major contractors, including participation by Nova Scotian companies, since project sanction in 2007:

Reporting Period	Expressions of Interest (EOI)	Requests for Proposals (RFP)		
		Issued	Nova Scotian Companies	
			Participated	Successful
Cumulative, 2007-2013	351	313	517	133

3 ASSESSMENT OF LOCAL SUPPLIER CAPABILITY

Deep Panuke is now producing natural gas for market. Most contracts are now in place to support production operations required for Deep Panuke. Local marine industry suppliers in Nova Scotia have skills and experience that are transferrable to offshore oil and gas projects. As well, a local pool of specialized oil and gas suppliers are established in Nova Scotia to support existing offshore natural gas production; thus key personnel with previous experience can be deployed at Deep Panuke when these suppliers are successful in the tendering process. Suppliers based in Nova Scotia are advantaged as a result of their location in proximity to the Deep Panuke field during the operations phase.

4 AREAS FOR IMPROVEMENT

As noted in previous editions of this report, the intermittent pattern of field development in Nova Scotia’s offshore, with projects taking place approximately one decade apart from each other, makes it challenging for the local supply industry to support large scale offshore construction projects. Recent exploration commitments by other operators in the province’s offshore will encourage the supply and service community to compete for new work, and further enhance their capabilities and skills. More offshore activity in Nova Scotia is fundamental to improving local opportunities for local suppliers.

5 CONCLUSIONS

It is anticipated that Nova Scotian and Canadian companies will continue to be competitive and successful in bidding for contracts required during the operations phase at Deep Panuke. Demonstrated marine industry skills and experience, readily available in Nova Scotia, are transferable to the offshore oil and gas industry. As well, key personnel with previous industry experience within the local pool of specialized oil and gas suppliers has contributed to success for these firms with respect to tendering at Deep Panuke. Encana and platform contractor SBM will continue to communicate Deep Panuke tendering opportunities to the local supply community. If more offshore activity is on Nova Scotia’s horizon, experience at Deep Panuke suggests Nova Scotian and Canadian companies will be positioned to compete for contracting opportunities.