



CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

Backgrounder - Call for Bids NS15-1 Results

November 12th, 2015

Contents:

- About the Canada-Nova Scotia Offshore Petroleum Board
- General information - Call for Bids NS15-1
- Location and History of Parcels 1-2
- Environmental and Fisheries Information
- Public Input on Call for Bids NS15-1

About the Canada-Nova Scotia Offshore Petroleum Board

The Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) is the independent joint agency of the Governments of Canada and Nova Scotia responsible for the regulation of petroleum activities in the Nova Scotia Offshore Area. It was established in 1990 pursuant to the Canada-Nova Scotia Offshore Petroleum Accord Implementation Acts (Accord Acts).

General Information - Call for Bids NS15-1

Call for Bids NS15-1 was announced on April 28th, 2015. The Call included nine (9) parcels in Nova Scotia's offshore area. On November 12th, 2015, the CNSOPB announced that Statoil Canada Ltd. was the successful bidder on Parcels 1 and 2, with a combined total of \$82 million in Work Expenditure Bids. No bids were received on Parcels 3-9.

Location and History of Parcels 1 and 2

Parcels 1 and 2 are located on the outer shelf and slope along the southwestern most parts of the Scotian margin (see attached map).

Portions of these two parcels have been contained within other Exploration Licences (ELs) previously issued by the CNSOPB. In 2001, Kerr-McGee Offshore Canada Ltd. was awarded an EL for a parcel which includes some of the area included in the current Parcel 2. In 2002, Canadian Superior Energy Inc. was awarded an EL for a parcel which is similar to the current Parcel 1.

Parcels 1 and 2 are considered underexplored areas. Since 1969, all or a portion of Parcels 1 or 2 have been covered by 25 seismic surveys. No wells have been drilled on either parcel. A full list of geophysical activity can be found at <http://callforbids.ca/data-environment/seismic-programs>.



CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

The CNSOPB's intention to issue a Call for Bids in 2015 in the general area that includes Parcels 1 and 2 has been publicly known since 2012. Annually, the CNSOPB posts on its website, and communicates widely, its rolling three year Call for Bids Forecast areas. Since 2012, this forecast has identified this general area as one in which the CNSOPB would be undertaking additional geological review, and would be posting at least one parcel in its 2015 Call for Bids.

The Call for Bids Forecast Areas is updated annually and is posted on the CNSOPB's website at: <http://www.cnsopb.ns.ca/lands-management/Call-for-Bids-Forecast-Areas>.

Environmental and Fisheries Information

Safety and environmental protection are paramount to the CNSOPB. The issuance of an EL does not permit any company to conduct activity offshore. Such activity would be subject to a separate application process, and the explicit authorization to conduct such activities would only be granted after the CNSOPB had satisfied itself that the proposed program could be conducted safely, and that it is unlikely to cause significant adverse environmental effects.

The CNSOPB is aware that Parcel 1 is adjacent to Georges Bank and Parcel 2 is in close proximity. Georges Bank has been identified by both governments as an important area for fishing and a moratorium on oil and gas activity has been put in place. The CNSOPB maintains the right to deny authorizations for work if a proponent is not able to demonstrate that work can be done safely, and in an environmentally-conscious manner.

The CNSOPB conducted a Strategic Environmental Assessment (SEA) in 2013/14 on the Western Scotian Shelf and Slope which includes the lands contained in Parcels 1 and 2. This SEA explored potential effects of exploration activities drawing on existing knowledge and literature, recommended mitigation and planning considerations, and discussed data gaps and uncertainties. The focus of this SEA was impacts on Species of Status, Special Areas and fisheries. The SEA did highlight the potential need for additional or alternative mitigation measures on a case by case basis at the Project level. For a full list of mitigation that may be required, the SEA can be found on the CNSOPB's website at:

http://www.cnsopb.ns.ca/sites/default/files/pdfs/seareport_phase3b_apr_22_2014.pdf

The SEA concluded that, assuming adherence to applicable standards and regulations and the implementation of mitigation and monitoring as recommended, the issuance of exploration rights within the study area is not expected to result in unacceptable adverse environmental effects such that populations of species of special status or integrity of special areas would be



CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD

compromised beyond sustainable levels. Furthermore, the SEA concluded that the effects of exploration on fisheries are not expected to result in unacceptable effects provided the implementation of recommended mitigation and ongoing communication with fishery stakeholders.

The CNSOPB released the draft SEA for public comment in January, 2014 and issued the final document in May, 2014. The CNSOPB also discussed the SEA at meetings of the CNSOPB's Fisheries Advisory Committee (FAC).

Public Input on Call for Bids NS15-1

The CNSOPB first included a general area containing Parcels 1 and 2 in its Call for Bids Forecast Areas in 2012. The Call for Bids Forecast Areas is updated annually and is posted on the CNSOPB's website at: <http://www.cnsopb.ns.ca/lands-management/Call-for-Bids-Forecast-Areas>.

Upon announcing Call for Bids NS15-1, the CNSOPB opened a public comment period, which closed on July 6th, 2015. The Call for Bids, as well as the comment period, was advertised in The Chronicle Herald, the Yarmouth County Vanguard, the Digby Courier, and the Shelburne County Coastguard. Comments received have been posted on the Call for Bids website at: <http://callforbids.ca/written-comments>. The Call for Bids Forecast Areas are presented and discussed with the FAC.

CNSOPB staff also presented an overview of Call for Bids NS15-1 to the FAC on May 13th, 2015, and encouraged members of the FAC to submit comments.

Further public consultation would be required during a project specific Environmental Assessment (EA) and the Board's consideration of an authorization application. At a minimum, there is a six-week public comment period during project-specific EAs for seismic programs under the Accord Acts, and multiple public participation opportunities for exploratory drilling EAs under the Canadian Environmental Assessment Act, 2012.