

NOIA NEWS

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2017

The Look Ahead

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40 years

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40

Contents

4 PRESIDENT'S PERSPECTIVE

INDUSTRY NEWS

- 6 2017: The look ahead
- 12 Contracting strategies can compromise competitive ability of local companies
- 16 2017 Industry Achievement Awards
- 18 Noia celebrates 40 years

INSIDE NOIA

- 22 Former senior oil executive appointed to head C-CORE
- 23 Noia's 2017 Board of Directors
- 24 Meet Noia's newest Board members
- 26 Noia contributes to review of federal EA processes

INSIDE NOIA

- 28 Lobsterfest
- 28 Province welcomes another new entrant to offshore



Learning from the past. Focused on the future.

President's Perspective

2017 marks Noia's 40th year of serving the industry's supply and service sector. We see this milestone as a new beginning for our offshore industry. We also believe this milestone coincides with a game-changing shift in our prospectivity and the potential opportunity for Newfoundland & Labrador to achieve the optimistic expectations inherent in the Atlantic Accord. Through Nalcor's seismic and geoscience program, 60 billion BOE of new potential was identified in the 2015 and 2016 land sale areas alone. This compares to Norway's remaining undiscovered resources of 19 billion BOE from the Norwegian Petroleum Directorate - confirming a world class resource.

To put this in a more meaningful perspective, based on the Call for Bids chronology on the C-NLOPB website, the exploration work commitments since 2013 represent 49 per cent of the total of all exploration work commitments since 1988.

On behalf our members, Noia has responded to this potential with our strategy framework, *Redefining Oil*, which advocates for the development of a long-term industrial strategy for the development of the supply and service sector to optimize local participation for our member companies and their employees.

While the long-term strategy is important, the very survival of local companies and the local capacity for future development is the most critical issue facing all of us. It is a challenge we've faced for 40 years and increasing local participation and maintaining local capacity will remain a top priority for us in 2017.

We will also continue to push for faster development of our resources. It is critical that we maximize the opportunities available to us now, otherwise we will no longer have the local capacity to develop the longer-term deepwater projects we know are in our future. We will continue to work on your behalf on the myriad of regulatory issues that slow the timeframe to exploration and discovery. This includes the CEAA environmental assessment process, land tenure, transitional occupational health and safety regulations, FORRI, a competitive royalty regime, GHG emissions/carbon tax and UNCLOS Article 82.



Robert Cadigan - Noia President & CEO

Clearly, there is much work to be done and we are already underway, having met so far in 2016 with the entire Newfoundland and Labrador Federal Caucus, Minister Coady and Premier Ball to discuss these critical issues. The Way Forward document released by the Ball government states the priority to "position Newfoundland and Labrador globally as a preferred location for oil and gas development" (Action 1.26). This Action covers many of the critical issues identified in the 2004 Atlantic Energy Roundtable including both levels of government and industry. Over 16 years have passed and while processes are in place to move many of the issues forward, Noia will push to move the glacial pace typical of government initiatives – even those critical to the fiscal and economic well-being of our home. Our MPs need to make this their mission in Ottawa.

I would like to welcome our 2017 Board of Directors and our Chair, Andrew Bell. As Andrew voiced during his incoming remarks at our 2017 AGM, the offshore is vitally important to this province, to Atlantic Canada and to Canada as a whole. As the voice of the supply and service industry, Noia plays a critical role as an advocate in the ongoing development of East Coast Canada's oil & gas industry. And on behalf of Noia staff and Board of Directors, we will continue to work on your behalf in 2017, which we see as a pivotal year in the way ahead. ■

Robert Cadigan
President & CEO

A handwritten signature of Robert Cadigan in black ink.



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The Hebron offshore platform will be towed-out this spring. Photo courtesy of the Hebron Project.

2017: The look ahead

Hebron

This will be the biggest year yet for the Hebron project, with the province's fourth major oil field development set to come onstream with first oil.

Late last year, the Hebron topsides was mated with the gravity based structure (GBS) in the waters of Bull Arm. Hook up and commissioning activities will continue until the platform is ready for tow-out to the Hebron field, which will take place in April or May using eight anchor handling vessels. Drilling will commence shortly after installation offshore, with first oil anticipated late in the year.

Crude oil production capacity will be 150,000 barrels of oil per day (bpd), with water volume of 200,000 to 350,000 bpd. Water injection capability will be 270,000 to 470,000 bpd, with gas handling capacity of 215 to 300 million cubic feet per day (MMcfd).

Hebron is the first heavy oil field to be developed in the NL offshore, and is estimated to contain approximately 700 million barrels (mmbbls) of recoverable oil.

Flemish Pass Basin

Statoil announced in February that it plans to drill two exploration wells in the Flemish Pass Basin. The two wells will be near-field prospects in the area of the company's 2013 Bay du Nord discovery, with an estimated 300 mmbbls recoverable.

Seadrill has been contracted to drill the two wells, using the semi-submersible West Aquarius. The contract has a reported value of \$14

million. Drilling is expected to begin in the second quarter, after the West Aquarius finishes its current commitment to ExxonMobil on the Hibernia field.

White Rose

The semi-submersible drill rig Henry Goodrich returned last year on a two-year contract at the White Rose field and satellites. The rig is expected to be in place until April of 2018, with options to extend if required.

"To date the rig has completed production wells at North Amethyst Hibernia and South White Rose Extension, as well as an infill well at North Amethyst," said a Husky spokesperson. "We will also use it for some near field delineation and exploration. The rig could be used for drilling on any of our current licenses."

Meanwhile, Husky continues to evaluate development of the West White Rose pool, using a wellhead platform tied back to the SeaRose floating production, storage and offloading (FPSO) vessel. The project will be considered for sanction this year.

A three-week turnaround is planned at the SeaRose in the third quarter.

Hibernia

The Hibernia platform has restarted drilling, following upgrades to its two drilling rigs last year, and continues in steady state operations.

The semi-submersible rig West Aquarius will complete an intensive drilling program of production wells by the second quarter.

The granddaddy of east coast offshore oil installations, Hibernia will celebrate 20 years of production in November and continues as one of the most productive on the east coast. It celebrated the one-billion-barrel milestone late in 2016, and is expected to continue producing oil for another 15 to 20 years.

Terra Nova

In October 2016, Switzerland-based Transocean announced a 15-month planned drilling program on the Terra Nova field, scheduled to begin in the third quarter of 2017. The program, which has a total value of \$119 million, will deploy the Transocean Barents, a harsh-environment, ultra-deepwater semi-submersible drill rig.

The work scope includes maintenance of existing wells and drilling of new wells in the Terra Nova field. "We are currently in the process of evaluating and awarding contracts for the provision of services and materials in support of the project work scope," said a Suncor spokesperson. "Transocean is also recruiting rig personnel for the program."

A turnaround for planned maintenance on the Terra Nova FPSO is scheduled for the third quarter of 2017.



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Western Newfoundland

In January, the C-NLOPB issued exploration licence EL-1153 to Corridor Resources, in exchange for the surrender of EL-1105 on the Old Harry Prospect in the Gulf of St. Lawrence. The new licence will expire in January 2020, subject to extension by Corridor for an additional one-year period on payment of a \$1 million deposit.

Corridor announced that it plans to purchase a user licence for a Controlled Source Electro Magnetic (CSEM) program over the Newfoundland side of the Old Harry Prospect on EL-1153. CSEM is a recently-developed marine geophysical tool that investigates resistivity of geological prospects, similar to resistivity logging in well bores of potential hydrocarbon zones. The data is used to help identify potential hydrocarbon-bearing reservoirs, reducing exploration risk and increasing the likelihood of new discoveries. Corridor says the CSEM work will be performed by a contractor in the fall of 2017, subject to regulatory approvals and vessel availability.

NU-Oil & Gas concluded an agreement in January with PVF Energy Services over the onshore petroleum lease

PL2002-01(A), the onshore Garden Hill site in western Newfoundland. PVF would conduct a two-phase work program to restore production from the well. The first phase will involve coiled tubing or wireline operations to clean up the well and mill out a physical obstruction in the completion that has been restricting flow. The well would then be flowed for an anticipated period of 15 to 30 days to allow for reliable analysis and evaluation of the resulting production.

"Subject to satisfactory results, a rig will be mobilized to site to undertake the second phase of the work program, which will include recompletion of the well and installation of an appropriate artificial lift system," the company said in a statement.

Work is expected to begin in the second quarter of 2017, after all regulatory approvals are granted and when weather conditions are suitable.

According to company statements, Garden Hill is a proven hydrocarbon bearing accumulation beneath the Port au Port peninsula that is estimated, based upon internal reservoir models, to contain between 83 and



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341 mmbbls in-place, increasing to between 136 and 591 mmbbls when considering the mapped offshore extent.

Geoscientific data acquisition

Nalcor Energy's exploration strategy will continue through 2017 with seismic data acquisition, regional oil seep mapping and interpretation and seabed coring multiclient work. The resource assessment for the Labrador South Region is expected to be released publicly in the third quarter of this year.

"It's still a bit early to predict exploration activity for 2017 with any certainty, but from what we do know at this point, it is possible that several 2D, 3D and electromagnetic programs will take place this spring to fall," said Scott Tessier, chair and CEO of the C-NLOPB, at the Northern Exposure conference in January.

According to that presentation, geophysical exploration activity in 2017 could include four 2D seismic data acquisition programs (two in Eastern Newfoundland, and one each in Labrador and Southern Grand Banks regions), four 3D seismic programs (three in Eastern Newfoundland and one in Labrador regions); and two electromagnetic programs (one each in Eastern Newfoundland and Gulf of St. Lawrence regions).

Land tenure

In mid-January, the C-NLOPB issued eight licences to oil & gas companies that bid successfully in last year's land sale in the Eastern Newfoundland Region:

- EL 1145: BP Canada Energy Group ULC (50 per cent), Hess Canada Oil and Gas ULC (25 per cent) and Noble Energy Canada LLC (25 per cent);
- EL 1146: BP Canada Energy Group ULC (50 per cent), Hess Canada Oil and Gas ULC (25 per cent) and Noble Energy Canada LLC (25 per cent);
- EL 1147: Navitas Petroleum Canada Inc. (30 per cent), 1099494 B.C. Ltd. (70 per cent);
- EL 1148: BP Canada Energy Group ULC (50 per cent), Hess Canada Oil and Gas ULC (25 per cent) and Noble Energy Canada LLC (25 per cent);
- EL 1149: BP Canada Energy Group ULC (60 per cent), Noble Energy Canada LLC (40 per cent);
- EL 1150: Nexen Energy ULC (100 per cent);
- EL 1151: Husky Oil Operations Limited (100 per cent);
- EL 1152: Husky Oil Operations Limited (100 per cent);

All licences were effective January 15, 2017 and have a period one expiry date of January 15, 2023.

In February, the C-NLOPB issued a Call for Nominations (Areas of Interest) in the South Eastern Newfoundland Region (NL17-CFN01). The deadline for nomination of areas of interest is April 26, 2017. Under the four-year land tenure cycle for this region, a call for bids is scheduled for August 2020 and bids close November 2021.

In November 2016, the C-NLOPB issued a Call for Bids on 10 parcels of land in the Labrador South Region (NL16-CFB03). The call for bids will close on November 8, 2017, or a minimum of 120 days after completion of the updated strategic environmental assessment.

The C-NLOPB's "Timeline for Active Rounds" chart outlines the following additional land tenure activity planned this year:

- a Call for Bids for the mature Jeanne d'Arc Region will take place in March with a November closing date.
- a Call for Nominations (Parcels) will be made for the high activity Eastern Newfoundland Region in August, with an October closing date.

According to the C-NLOPB, there are currently 29 exploration licences, 55 significant discovery licences and 11 production licences in place in the Newfoundland and Labrador offshore area.

Nova Scotia

With industry interest waning in the Sable Island area, the Nova Scotia government is looking to identify new

opportunities a little further north. The province's energy department has commissioned Beicip-Franlab, based in France, to conduct a four-year, \$12-million study to better understand the hydrocarbon potential in the Sydney Basin, which extends northeast of Cape Breton Island.

The study will utilize geoscience, mapping and modeling to develop a clearer picture of hydrocarbon potential in the area, which is not well documented at this time. The results will be released publicly.

Meanwhile, Statoil is moving forward with plans to explore two parcels offshore Nova Scotia. The company has committed to spending \$82 million during the first two years of a nine-year exploration licence.

"In recent years, we have also expanded our exploration position to offshore Nova Scotia," said a Statoil spokesperson. "This frontier area is an opportunity for Statoil to advance its global exploration strategy related to early access at scale as a new entrant in the offshore, and Statoil is currently assessing the exploration potential of this area." ■

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Contracting strategies can compromise competitive ability of local companies

As industry continues to seek out ways to deal with low oil prices, operators have begun turning to alternative contracting strategies to save costs. Two recent trends are bundling contracts with large scopes and using reverse auctions to choose suppliers.

Both strategies limit the number of suppliers which are qualified to bid and Noia is very concerned about the ability of local companies to compete fairly under these conditions.

Reverse auctions

These issues came to the forefront in October 2016 with the awarding of the Hibernia engineering, procurement, construction and maintenance (EPCM) contract. Although the contract was awarded to a longstanding Noia member with a strong workforce in Newfoundland and Labrador, Noia is concerned that the use of reverse auctions in such cases results in cost margins being reduced to the extent that sub-contracting won't be possible. This severely limits the opportunities for other Newfoundland and Labrador companies to participate.

"Reverse auctions commoditize all offshore services and do not support the value-added contributions of local, experienced firms," explained Robert Cadigan, Noia president & CEO. "Participation of local companies

in the offshore has always been a key aspect of Noia's mission. This contracting strategy severely limits the opportunities for Newfoundland and Labrador companies to participate, which threatens the future of the local oil & gas supply and service community."

A reverse auction is an Internet-based bidding event with a fixed deadline where a buyer offers a tender or contract for the supply of specific goods or services, and suppliers compete for the contract by bidding declining prices. During the rounds of bidding, competitors can see each other's bids, although they do not know the identities of specific bidders. In most cases, the lowest bid wins the contract.

Reverse auctions have been employed around the world for a number of years in various contexts. According to Standaert, Mullye and Amelinckx in *An Empirical Study of Electronic Reverse Auction Outcomes*, the process has become increasingly popular over the last two decades, although "their use has sparked controversy and ethical concerns in the sourcing world." They explain that the focus on price savings is considered to be at odds with the benefits of long-term cooperative buyer-supplier relationships. They note, however, that reverse auctions are likely to remain because of their ease of use and cost-saving benefits for buyers.

Bundling

Bundling is another contracting strategy that has been employed for some time across many industries. It is defined by the United States Congressional Research Service as “the consolidation of two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small business.”

While bundling has always been employed to varying degrees in the development phase of the oil & gas industry, Noia believes that its use for operations phase procurement is problematic because of its potential to shut out local participants who have traditionally participated and hold considerable expertise in various areas.

The use of bundling in combination with reverse auctions creates an even more problematic environment for Newfoundland and Labrador companies.

“If they’re going to bundle these contracts in such a way that only international contractors can do it, no local companies will ever be involved,” one Noia member recently commented.

Issues for industry

Significant research has been undertaken to study the benefits and risks of reverse auctions for both buyers

and sellers. While online reverse auctions have been used effectively for many years for the supply of commodities, Noia believes that the use of this procurement method for the supply of services has negative long-term implications for the whole industry.

The use of reverse auctions drives the lowest possible price, often leading to the need for self-performance because margins are insufficient to allow for sub-contracting.

There is also concern that the process exposes small companies’ price structures.

Furthermore, the large scope of bundled contracts precludes local companies from bidding on work, reducing their only opportunity to participate to joint ventures. As mentioned, the tight margins resulting from reverse auctions makes joint ventures for local companies less likely.

While oil & gas operators may see short-term cost savings from such strategies, Noia believes that this approach is an overreaction to a temporary problem. Cadigan said this type of short-sighted view will be detrimental to the long-term health and success of the industry. He adds that this type of cost cutting is not sustainable, even for large, global EPCM providers. Although companies must meet technical qualifications to bid on contracts, there is a risk that corners will be cut as a result of the intense price pressure.



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Cadigan further explained that as the price of oil again rises, other prices will increase accordingly. If these current prohibitive contracting strategies continue, there is a real risk to operators that nothing will be left here in the province to support them in the future. When the market does rebound, there will be a smaller supplier pool and a much less competitive pricing environment for them.

"The market will always prevail," Cadigan said. "Reverse auctions are a symptom of short-term thinking and not conducive to having efficient on-the-ground capability."

Noia is also concerned that the use of bundling and reverse auctions does not consider local benefits. Although some argue that the pre-qualification process requires companies to meet technical criteria, Noia believes that a thorough bid process should also consider local expertise and provide full and fair opportunity.

Cadigan added that these contracting strategies can be problematic in any environment because they do nothing to grow local content and expertise.

Possible solutions

As mergers and acquisitions, coupled with these contracting strategies, lead to more consolidation in the industry, Cadigan said the longer term could see a swing back to a more dis-integrated approach and that operators should be focusing on best-in-class solutions rather than one-size-fits-all.

"Any operator should realize that local knowledge and understanding adds value, and those who remain here are the best suppliers in the long term."

There are many factors at play in successfully executing service contracts, including maintaining tight schedules. Many believe that the strong focus on low pricing at the front end will cost operators more in the long run. A shift back to more direct contracting with suppliers would return control of the process to operators, as well as maintaining a healthy, competitive supply base.

"Operators need to look to the long term," Cadigan stated. "And local industry has an important role to play in a sustainable future." ■

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Mr. Fraser Edison, CEO of Rutter Inc., is pleased to appoint Mr. Blair Wheaton as Vice President of Rutter.

Blair joined NewTech Instruments Limited in 2000 prior to its purchase by the Rutter Group in 2003. He will be responsible for all operations of both Rutter Inc., headquartered in St. John's, NL, Canada, and its subsidiary, OceanWaveS GmbH in Luneburg, Germany.

Blair has served several leadership positions during his 16-year career at Rutter, including his previous position as Director of Operations. He brings extensive leadership experience to the team, having played key roles in company mergers and realignment to bring greater focus to the core business of the company.

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Industry Achievement Awards 2017

On February 24, Noia members and friends came together at the Delta St. John's Hotel to honour two individuals who have made significant contributions to the Newfoundland and Labrador oil & gas industry, recognise longstanding Noia members and mark Noia's 40th anniversary.

James (Jim) Thistle, Q.C., formerly of McInnes Cooper, was posthumously named 2017 recipient of the Outstanding Contribution Award in recognition of his 30 years' experience in the Newfoundland and Labrador oil & gas sector, including his key role in the negotiation and drafting of the Atlantic Accord and acting as general counsel for the Hibernia Project where he played a leading role in negotiating and drafting the Hibernia Joint Operating Agreement. Following a successful career in the oil & gas and legal industries, Jim passed away on March 3, 2016, after a brief battle with ALS.

Richard Mandeville of TechnipFMC Canada received the 2017 Rising Star Award as a result of the early-career contributions he has made through his multi-project experience both onshore and offshore in the Grand Banks, Gulf of Mexico and North Sea markets. Currently working an internal secondment as asset manager for TechnipFMC's five construction and s-lay vessels with the company's Marine Operations Services department in Aberdeen, Richard manages in excess of 900 individuals when the vessels are in operation. In this role, he also serves as an ambassador for the province and the country.

The February 24 event also recognised the following organizations marking 30 or more years as Noia members and contributors to the local oil & gas industry:

- ABM
- LeGrow's Travel
- Memorial University of Newfoundland
- Pennecon Energy M&M Engineering/Offshore

This year's event also celebrated Noia's 40th anniversary representing the industry's supply and service sector by showcasing the industry's achievements and some of the people instrumental in its development. Many of Noia's founding and early members and previous Outstanding Contribution and Rising Star award recipients were present. Videos showcasing the industry and its early days were launched and can be viewed on Noia's website.



Richard Mandeville and Barbara Thistle



Back: Beth Crosbie, Alex Mader, Sam Pappin, Philip Harrington. Front: Mark Abrahams, Fraser Edison, Fred Murrin, Pat Barron



Family of Jim Thistle: Rachel, Paul, Barbara and Michael Thistle



Back: Rob Strong, Tony Barclay, Wayne Chipman. Front: Dave Keating, Frank Smith, Geoff Cunningham, Jack Lawlor, Ed Foran



Industry Achievement Award recipients with representatives of Noia's 2017 30 year members – Melanie Doyle, ABM; Janet Scott-Smith, LeGrows Travel; Richard Mandeville, Rising Star Award recipient; Barbara Thistle, wife of Outstanding Contribution Award recipient Jim Thistle; Mark Abrahams, Memorial University; Craig Manning, Pennecon Energy M&M Engineering



Richard Mandeville



Barbara Thistle



Back: Paul Adams, Philip Whelan. Front: Tanny Collins, Sidney Hynes, John Crosbie, Tim Lawrence, Caron Hawco, Lee Shinkle





Representatives of the Government of Newfoundland and Labrador and the Government of Canada at the signing of The Atlantic Accord.



Noia's 2004 Annual General Meeting

Learning from the past. Focused on the future. **Noia** celebrates 40 years

Forty years after a handful of visionaries met in a boardroom on Water Street in St. John's, Noia reflects on its history while looking to the future in 2017.

One of those founding members, consultant Harry Pride, recalled the dedication of those who envisioned an organization that would help harness the potential of the province's ocean industries. Pride, who at the time worked with the Newfoundland Ocean Research Development Corporation (NORDCO), said Rick Emberley of Saga Communications came up with the idea and asked for Pride's help. Along with Anthony Barclay of Marystown Shipyard, Harvey Riche of John Leckie Limited, Al Sutherland of Shawmont Nfld. Limited and John Weston of Pelcon Limited, they recruited 15 founding members for the Newfoundland Ocean Industries Association.

Originally focused broadly on ocean industries, the flurry of offshore exploration activity in the province throughout the sixties and seventies prompted many local companies to seek ways to participate.

"There was so much excitement at the time with all of the seismic and exploration work in the area," Pride explained. "Then, when Hibernia was discovered, it was the big game in town and everybody wanted to get involved."

Run solely by dedicated volunteers in the beginning, Pride said the Noia Board of Directors met every two weeks, rotating meeting locations among board members' offices. Pride was the association's first secretary, Emberley used his communication background to help promote the association and artist Herb Reid designed the first logo. Harvey Riche was the first President.

As membership quickly grew, dedicated office space was acquired in an old house on Water Street West. Throughout the eighties, two staff members were hired



Newfoundland Ocean Industries Association (NOIA) Conference 1988

and, with limited resources (including a bathtub used to hold files), the association gained respect as it helped members learn about opportunities in ocean industries.

Consultant Rob Strong, who joined Noia in the early eighties, said excitement around the potential for an offshore oil & gas industry was mounting in the province. Working with Crosbie Offshore Services at the time, he said it was natural for him to become involved.

"It was the excitement of the industry that got me involved in Noia," Strong said. "There was a high degree of optimism and I enjoyed the challenges that it presented."

Tenacity in the face of adversity

Serving three terms as Board president, one as past-president and 16 as a director, Strong has seen the evolution of the industry and Noia first hand. He credited the hiring of Ruth Graham as executive director in 1989 as a turning point for the association. By that time representing 150 members, Strong said the association had gained a lot of credibility, despite an industry downturn in the mid-eighties when federal Petroleum Incentive Program (PIP) grants ran out (bringing an end to the high rate of exploration activity) and the price of oil dropped from \$33 to \$9 per barrel. Hibernia was also on the backburner.

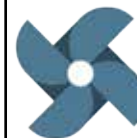
"One of the messages that I learned in the early days is that you have to prepare for the ups and downs," Strong stated. "And how we adjusted at Noia and managed to keep a strong membership base was a testament to the various board members and to Ruth Graham's capabilities."

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Strong added there was strength in unity.

"It's an oxymoron. The industry started to slow down and yet Noia started to grow," Strong explained. "People saw the potential. The discoveries were there from early wells. We knew there was something out there and sooner or later they'd try to come back and get at it."

Ruth Graham, who spent 10 years at the helm of Noia as executive director, also recalled the uncertainty and hard work of those early days.

"At that time, Hibernia was not a go. The wildcat drilling was done and there was talk about Hibernia. But one week it was yes, it's a go and we'd be just so excited, and then the next week it would be word that it's not going to happen." Graham recounted. "It really was like a rollercoaster."

Graham said with companies having invested so much to potentially become involved in the oil & gas industry, there was a lot at stake.

"When the Hibernia project finally got the green light, it was a truly joyous day," Graham said. "It was a passion for so many of us in the industry."

Education a priority

Graham said the birth of the province's oil & gas industry meant that educating members was a Noia priority. This included learning who the players were, the types of

available contracts and subcontracts and how companies could potentially participate and be successful. To that end, Noia brought in experts from around the world for luncheons, seminars and conferences, fostered relationships with other Canadian and international industry associations and helped coordinate trade missions and delegations to international trade shows.

"We knew there was something out there and sooner or later they'd try to come back and get at it."

International travel provided an opportunity for members to learn about the industry, as well as make connections for possible joint ventures.

"It was about being an ambassador for the province and talking about Newfoundland and Labrador's oil & gas potential," Graham explained. "A lot of the world didn't even know where the province was."

An important Noia service in the early days was the Business Opportunity Bulletin, distributed to members to inform them of contract opportunities and other industry news. Originally distributed by fax once or twice a week, the demand for current information meant that it became a daily bulletin. Thanks to technology, that



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Noia's 2003 annual conference

information now comes to members by way of the Daily Barrel email.

Regular networking opportunities, from receptions to curling bonspiels and golf tournaments, also allowed members to learn from each other and make important business contacts. These opportunities remain an important member service today.

Another priority for Graham was improving the association's communication efforts. She started by giving the membership directory a more polished look and compiling detailed profiles to showcase member capabilities. The ability to hire a communications director in the mid-nineties allowed the association to further expand its communication reach through the creation of Noia News (then a one-pager) and the development of many speeches and presentations to showcase Noia members and the province internationally.

"We went from 150 members to about 300-350 in two years," Graham said. "We just blossomed and then, of course, with these new members you had to stay on top of the administration internally and keep them happy by delivering services to them."

As Noia grew its membership and scope of services, it underwent an official name change in 2008 – from the Newfoundland Ocean Industries Association to the Newfoundland and Labrador Oil & Gas Industries Association – to reflect the reality of the membership that Noia continues to serve. Now some 600 members strong, Noia is the largest offshore oil & gas industry association in North America.

Pride, Strong and Graham credit the dedication of staff, board members and the strong support of the provincial and federal governments with enabling Noia to grow and thrive.

"There was a big vision out there in the early days and the passion of the board drove Noia," Graham said. "The fact that government supported the same vision and gave us the funding to make it happen and do the very best that we could really made the vision a reality."

Looking back. Moving forward.

Forty years on, there are obvious signs of a more mature oil & gas industry in Newfoundland and Labrador. With three producing projects, a fourth coming onstream this year and prospectivity at an all-time high, the industry is supported by a vibrant supply and service sector with expertise that is in demand at home and abroad.

Through the ups and downs of oil price fluctuations, project approvals, project delays and promising discoveries, Noia has remained unwavering in its mission to support members' participation in global oil & gas industries. Education, information and advocacy remain the cornerstones of this work.

"Noia's 40-year anniversary is a turning point. As we acknowledge those who were instrumental in getting us to where we are today, it is critical that we learn from the past 40 years and apply these learnings to the future, which we know is very promising," added Noia president & CEO Robert Cadigan. "Noia looks forward to continuing to support our members as we work together to turn our potential into reality – a long-term, sustainable offshore oil & gas industry for the benefit of all Newfoundlanders and Labradorians."

Noia's 40-year anniversary is a turning point as we celebrate our past while looking with hope to the future. The same determination that launched this association and enabled it to thrive will serve us well as we work together to build a sustainable offshore oil & gas industry for many years to come. ■



Former senior oil executive appointed to head C-CORE

Mark MacLeod, former head of Chevron in Atlantic Canada, has been appointed president and chief executive officer of C-CORE, a St. John's-based R&D organization specializing in applied research and technology development for harsh environments.

MacLeod brings extensive oil & gas and senior management experience to C-CORE. In his 36-year career with Chevron, he served in key international roles – with Chevron's Research Group in the United States, as the company's United Kingdom exploration manager, as country manager for Norway, and most recently, as vice president for Atlantic Canada. MacLeod also worked on the Hebron Project from Calgary beginning in 2000 and, in 2004, opened Chevron's office in St. John's.

"Mark has an outstanding record of successful leadership in the oil & gas sector, establishing new programs and ventures, and managing multiple complex projects," said David Oake, chair of the C-CORE Board of Directors.

Of his appointment, MacLeod said, "I am excited and honoured by the opportunity to lead this extraordinary organization, which has for over 40 years been at the forefront of innovation to enable safe, cost-effective and environmentally responsible operations in ice and iceberg-prone regions."

With unparalleled harsh-environment expertise and world-leading technical capability in remote sensing, ice engineering and geotechnical engineering, C-CORE provides research-based advisory services and technology solutions to help clients mitigate operational risk in harsh environments and to address security, sustainability and safety issues related to their regulatory and operating needs worldwide.

A separately incorporated entity of Memorial University of Newfoundland, C-CORE is also home to LOOKNorth, a Canadian national Centre of Excellence for Commercialization and Research dedicated to remote sensing innovation in support of remote resource development, as well as the Centre for Arctic Resource Development (CARD), an industry-guided initiative pursuing medium to long term R&D dedicated to responsible, cost-effective operations in high latitudes. ■

Noia's 2017 Board of Directors



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Meet Noia's newest Board members

Noia's membership elected its 2017 Board of Directors at the Annual General Meeting held February 2. The following individuals were elected to their first terms on Noia's Board of Directors.



Mark Collett, Crosbie Group of Companies

Possessing a unique blend of operational, commercial and strategic management experience garnered over his 24+ year career, Mark has broad based market sector exposure, with a particularly strong background in the oil & gas sector.

Prior to joining the Crosbie Group of Companies as its chief operating officer in May 2016, Mark spent 11 years as supply chain manager with Husky Energy, Atlantic Region, where he led supply chain management activities in support of White Rose production operations, subsea operations, logistics, drilling and completions and project expansion activities. In 2003, he led the acquisition of K&D Pratt Group Inc., and subsequently spent two years as the company's president and managing director. The first 10 years of his career were spent working in strategic planning, mergers and acquisitions, and business development with international engineering firm AGRA Inc., and global oilfield logistics provider ASCO plc.

Mark holds a Bachelor of Business Administration from Acadia University and a Master of Business Administration (Distinction) from Durham University Business School, in the United Kingdom.



Jason Fudge, DF Barnes

Having been actively engaged in the Newfoundland and Labrador offshore industry since 2003, Jason has a deep understanding of the challenges faced by independently locally owned businesses and believes that our ability to think creatively, innovate, and relentlessly pursue success is what makes so many Newfoundland Labrador businesses great.

As chief financial officer and now chief operating officer of DF Barnes, he has been a key contributor to the company's rise as one of the province's largest multi-disciplinary maintenance, fabrication and construction contractors. Through his 14-year career with DF Barnes, Jason has gained significant knowledge of industry issues and a strong commitment toward developing opportunities for local companies in Newfoundland and Labrador.

Jason holds a Bachelor of Commerce (Honours) from Memorial University of Newfoundland and a Master of Business Administration degree from Dalhousie University.



James Parmiter, Cahill Group of Companies

James understands the importance of a strong, sustainable oil & gas industry in Newfoundland and Labrador and hopes to assist with the continuous development and growth of a competitive local industry.

James started his career in oil & gas with Technip (Coflexip Stena at the time) in 1997 in Paris and worked on the Terra Nova project, along with other strategic initiatives in offshore West Africa, Egypt and the Caspian Sea. After completing his MBA, he joined the energy practice at leading management consulting firm Oliver Wyman and consulted global leaders within Petrobras, ExxonMobil, KBR, McDermott and many of the largest integrated utilities in the United States. He joined The Cahill Group in 2009 and is currently vice-president of strategy and development with primary responsibility for strategic planning and oversees supply chain, project controls and marketing.

James holds a Bachelor of Commerce from Memorial University and a Master of Business Administration (strategy) from the Yale School of Management.



Karen Winsor, Atlantic XL

With over twelve years of experience in the offshore oil & gas and marine service industry in Newfoundland & Labrador, Karen is responsible for the continued success and growth of Atlantic XL locally, and throughout North America. Through her current position, she sits on the management team of XL Group based in Aberdeen, Scotland where she is involved in business operations planning and quality management. This link allows Karen to leverage decades of experience and expertise, and transfer knowledge and best practice back to the local Atlantic XL office.

Karen has always been 'oil & gas minded'. This interest began during her time at Memorial University while completing her Bachelor of Commerce, when the province was well into its development of the offshore industry. She seized the opportunity to gain relevant experience abroad with a work term at the Dutch Oil and Gas Association (IRO) and an academic term in Oslo, Norway at the Norwegian School of Management.

Karen was the recipient of Noia's 2014 Noia Rising Star award.

Also elected to Noia's Board of Directors this year were Torfi Thorarinson, TechnipFMC Canada, who will be serving his second term as a Noia director and Michael Critch of NSB Energy who will serve as treasurer. Mike previously served on Noia's Board of Directors a number of times, including a term as Board chair in 2012.

Biographies of all Noia Board members can be found on Noia's website www.noia.ca. ■



Noia contributes to review of federal EA processes

Noia has participated in a consultation process as part of a review of federal environmental assessment (EA) processes that will conclude with a report to the federal minister of environment and climate change on March 31. Noia President & CEO Robert Cadigan presented Noia's perspective on offshore EAs to the expert panel established by the minister when the group visited St. John's in October.

Cadigan said that Noia is highly supportive of the federal government's objective for the review. He added that Noia believes that fair and efficient processes are critical to enabling exploration of Canada's significant offshore petroleum resources, while consistent and efficient regulatory processes are integral to international competitiveness for exploration investment.

CEAA 2012

The Canadian Environmental Assessment Act, 2012 (CEAA 2012) and its regulations form the legislative basis for the federal practice of environmental assessment in most regions of Canada.

The review process was established in 2016 as part of the federal government's commitment to review federal EA processes. The review's stated goal is "to develop new, fair processes that are robust, incorporate scientific evidence, protect our environment, respect the rights of Indigenous peoples, and support economic growth." The expert panel undertook consultations with Canadians, indigenous groups and key stakeholders to develop recommendations and a final report.

Prior to CEAA 2012, the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) was the responsible authority for all EAs in the Newfoundland and Labrador offshore under the Atlantic Accord Act. CEAA 2012,

however, contains a regulation requiring that a CEAA EA be completed for any proposed new offshore exploration well in a previously unexplored area.

Cadigan said this regulation designating exploration drilling projects is unclear and the CEAA process for approval of an exploration well is a duplication of the C-NLOPB's comprehensive and effective processes as required under the Atlantic Accord. He added that the regulation also means there is potential for an EA to be required every year, for every operator that obtains a license.

"This narrow interpretation of Designated Project Regulation for licenses awarded annually could result in unnecessary and repetitive EAs covering identical areas," Cadigan explained.

CEAA EA's are not well specific, but rather take a high level look at all environmental factors and possible impact within a broad area of exploration drilling.

Under the Atlantic Accord Act, the C-NLOPB also conducts strategic environmental assessments (SEAs) over broad areas, in a similar fashion to the CEAA EA. Additionally, each well drilled is subject to a well specific EA, with the C-NLOPB as the regulatory authority, based on the factors relevant to that well.

Cadigan said the CEAA 2012 regulation means that operators who are currently planning exploratory drilling on land parcels acquired in recent land sales are

required to submit their plans for exploration drilling to CEAA for environmental assessment. Statoil, Husky Energy and ExxonMobil submitted their EAs in the fall of 2016. This agency EA process, conducted directly by the Canadian Environmental Assessment Agency, also comes with a timeline of one year, potentially lengthening the approval process and negatively impacting the region's competitiveness.

Cadigan said that Noia is fully supportive of comprehensive and responsible environmental assessments, but believes that EAs should be conducted by those with the most extensive offshore knowledge and experience. Furthermore, it is important that the C-NLOPB be given the flexibility to address the CEAA 2012 processes and regulations in light of their continuing SEA and individual well EA processes. The EA process should also have the flexibility to address the scale (multiple wells and licenses), setting and short-term duration of exploration drilling. Finally, Cadigan said it is important to avoid any imbalance between Atlantic Accord EA and CEAA EA processes.

"The current dual processes are fragmented, inefficient and creating uncertainty and undue repetitiveness," Cadigan stated. "We believe that comprehensive, responsible environmental assessments are best conducted by those with the in-depth knowledge and experience of the offshore environment and, as such, the C-NLOPB should be the responsible authority under CEAA 2012 for environmental assessments related to offshore oil & gas activity." ■

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Lobsterfest

Lobsterfest takes place annually during Noia's conference week each June with proceeds of the event donated to Noia in support of its operations. This year, Noia President & CEO Bob Cadigan (second from left) accepted \$8,000 from 2016 event organizers (L-R) Matt Shinkle, Alexia Giles and Phil Whelan.

Province welcomes another **new entrant** to offshore

Total E&P Canada has become the newest entrant to the Newfoundland and Labrador offshore oil & gas industry.

Total E&P Canada joined the industry as the result of a transfer of interest in EL1136, located in the Carson Basin. Previously held by ExxonMobil and Suncor at 50 per cent each, the block is now held by the three parties at one-third each.

"Total E&P Canada is the seventh new entrant into our offshore oil & gas industry over the past 18 months,

joining Navitas, Anadarko, Noble, Hess, Nexen and BP," said Noia President & CEO Robert Cadigan. "This speaks volumes about the prospectivity of our basins and clearly indicates the high level of global interest in our offshore."

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