



January 22, 2021

Dear Party Leader,

The Newfoundland and Labrador Oil and Gas Industries Association (Noia) was founded in 1977 to represent the supply and service sector of the offshore oil and gas industry. Today, Noia represents approximately 460 member organizations worldwide involved in the oil and gas industry of Newfoundland and Labrador. Noia members are a diverse representation of businesses that range from offshore supply boats and helicopters to health and safety equipment and training, engineering solutions and fabricators, to law firms and human resource agencies.

As part of Noia's efforts to inform our members about the future of the offshore oil and gas industry, we are writing all political parties to ask specific questions about issues of importance. Noia wishes to understand how each party will address these pressing issues and ensure our province continues to receive tremendous benefits from the offshore oil and gas industry well into the future. I ask that you please provide in writing responses to the below questions before Thursday, February 4, 2021. As they are received, Noia will share responses with our members through our website and social media platforms.

The Atlantic Accord has provided tremendous opportunities for Newfoundland and Labrador companies to participate in the offshore oil and gas industry, to build world-class expertise, and to employ thousands of Newfoundlanders and Labradorians. As it was to the beginning of our industry, the Atlantic Accord is critical to our future success.

The Atlantic Accord enshrines in legislation the tenets of "principal beneficiary" and "full and fair opportunity" for Newfoundland and Labrador companies. How would your government ensure these principles are upheld and not infringed upon by other legislation?

How will your government ensure that local content plays a prominent role in the future of the offshore industry? What measures will you take to make sure the supply and service sector has the skills and abilities to participate in the offshore industry?

COVID-19 and the collapse of oil prices has devastated the Newfoundland and Labrador offshore oil and gas industry. Numerous project cancellations and deferrals have occurred, thousands of people have lost their jobs, and many Noia members have shuttered their businesses or are barely maintaining operations through the current crisis. For the last 10 months Noia has advocated for help for the offshore and specifically requested the federal government provide incentives to encourage offshore exploration (similar to the former Petroleum Incentive Program) and for development projects (similar to the Atlantic Investment Tax Credit) and also to ensure we remain globally competitive. Such incentives have proven to work in jurisdictions like Norway, one of our major competitors where just recently 61 offshore licences were awarded. While the federal government did provide a one-time allocation of \$320 million to help the offshore recover from COVID-19, our requested incentives were not supported.

Will your government support Noia in its advocacy efforts to persuade the federal government to implement these incentives for the offshore oil and gas industry? What action will you take to convince the Government of Canada to implement such incentives?

In the absence of the federal government implementing these incentives, would a provincial government led by you implement tax incentives or other initiatives to encourage new offshore exploration and development projects? If so, how would these programs be structured?

The four current production facilities offshore Newfoundland and Labrador are facing tremendous adversity because of COVID-19 and the collapse of global oil prices. Each facility has been impacted to different degrees with issues very specific to the facility.

What action would your government take to support the current offshore projects and ensure remaining oil resources are developed for the benefit of the province and industry?

Newfoundland and Labrador has tremendous potential in terms of the vast oil and gas resources available offshore. To reach this potential and provide maximum benefits for the province, a coordinated effort across all agencies responsible for the offshore must be undertaken to support and promote the industry locally, nationally, and internationally.

What mechanisms would your government employ to ensure the Newfoundland and Labrador offshore oil and gas industry is achieving its full potential of resource development and returning maximum life-of-field benefits to the people of Newfoundland and Labrador?

To ensure a cohesive approach, how would you coordinate the various functions of the agencies responsible for the offshore oil and gas industry in Newfoundland and Labrador?

Available data, including studies commissioned by Noia, have clearly demonstrated that Canada is well behind its competition in terms of eliminating regulatory barriers to operating offshore. While steps have been taken to lessen the amount of time required to receive environmental approval for exploration projects, more needs to be done for our industry to be globally competitive. The recent circumstance of a global pandemic has proven that actions taken by leading jurisdictions to eliminate obstacles to operate offshore and to encourage investment and exploration are successful - illustrated above with the example of Norway and 61 recently awarded licences.

What measures would your government implement to provide a globally competitive regulatory regime and ensure the timely approval and sanctioning of future offshore exploration and/or development projects?

In 2020, the Government of Newfoundland and Labrador committed to achieve net zero carbon emissions by 2050. Noia is fully supportive of this commitment and has been working collaboratively with a variety of stakeholders to develop an approach to help the provincial and federal governments achieve their objectives.

While carbon emissions from the Newfoundland and Labrador offshore oil and gas industry are already leading the global offshore industry, how will your government support the industry to develop innovative solutions which further lower emissions and help the province achieve its net zero carbon emissions objective?

Offshore seismic surveys provide important information to those interested in investing in the Newfoundland and Labrador offshore through the land tenure process. Seismic surveys have proven to have a significant return on investment through the Call for Bids process and also play a leading role in attracting new companies to the Newfoundland and Labrador offshore.

Will you commit to maintaining the offshore seismic survey program currently undertaken by the Government of Newfoundland and Labrador through the Oil & Gas Corporation?

The land sale process for offshore areas has provided significant revenues to the Government of Newfoundland and Labrador in recent years and interest has climbed with record bid amounts received. Currently, the only criteria for being awarded an offshore parcel is to make the highest financial bid.

Would your government undertake a review of this process to consider including other criteria such as specific commitments for work to take place in Newfoundland and Labrador, timelines for project development, diversity and inclusion, commitment to lower greenhouse gases, and employing environmental and safety best practices?

I would like to thank you for your consideration of this letter and the important issues it addresses. While the challenges facing our industry are many – more than just those mentioned above – the opportunities are many more. The Newfoundland and Labrador offshore oil and gas industry has provided tremendous benefits to the province already and an attractive investment climate, supported by the Government of Newfoundland and Labrador, will greatly contribute to the industry recovering from the current crisis and continuing to provide substantive benefits to the province for decades to come.

Noia would welcome the opportunity to meet with you, or any member of your campaign team, during the election to discuss these issues. Please do not hesitate to contact me at any time via 758-6610 or cjohnson@noia.ca to discuss the Newfoundland and Labrador offshore oil and gas industry.

Sincerely,



Charlene Johnson
CEO