

TWENTY  
20



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ANNUAL  
REPORT

### Vision

To be the leading energy industry association providing the best value for its members.

### Mission Statement

Noia's mission is to promote the responsible development of East Coast Canada's hydrocarbon resources and to facilitate our membership's participation in the global energy industry.

### Background

Founded in 1977, the Newfoundland and Labrador Oil & Gas Industries Association (Noia) is the largest offshore oil and gas industries association in Canada. With nearly 460 members in Newfoundland and Labrador, Canada and around the world, Noia represents the supply and service sector in the oil & gas industry.

Noia believes that development of hydrocarbon resources in East Coast Canada will contribute to sustainable economic growth and prosperity for the people of the region.

Noia has a stake in the sustainable development of the region's petroleum resources and in the responsible development of our offshore resources.

Noia supports its members through three core business areas:

- Being an ADVOCATE to support the responsible and timely development of the province's hydrocarbon resources and to encourage further local participation in oil & gas projects;
- Undertaking activities to INFORM the public and decision makers about the importance of the offshore oil & gas industry to Newfoundland and Labrador and Canada and to inform members about opportunities in the oil & gas sector both locally and globally; and,
- Providing opportunities for members to ENGAGE and collaborate with others to promote growth within their businesses both at home and abroad.





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# TWENTY 20 SPONSORS

On behalf of its members, Noia thanks the following companies who generously supported our events throughout 2020.

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Atlantic Towing  
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Atlantic XL  
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NSB Omega  
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Stewart McKelvey  
TechnipFMC  
Trades NL  
Triware Technologies  
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Wood.



## 2020 BOARD OF DIRECTORS



Chair  
**Karen Winsor**  
Atlantic XL



Vice-Chair  
**James Parmiter**  
Cahill Group



Treasurer  
**Christian Somerton**  
Pennecon



Past-Chair  
**Mark Collett**  
Crosbie



Director  
**Paul Broders**  
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**Gregory Stacey**  
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Canada

## OUTGOING BOARD MEMBERS

Chair: **Karen Winsor**  
Atlantic XL

Vice-Chair: **James Parmiter**  
Cahill Group

Past-Chair: **Mark Collett**  
Crosbie

Treasurer: **Christian Somerton**  
Pennecon

Director: **Gerry Mayo**  
PF Collins International Trade Solutions

Director: **Paul Broders**  
Wood.

Director: **Beverley Evans**  
KBRS Knightsbridge Robertson Surrette

## STAFF

**Beverley Bishop**  
Manager, Operations

**Charlene Johnson**  
Chief Executive Officer

**Corrina Martin**  
Accounting Coordinator

**Jennifer Oliver**  
Administrative Assistant

**Katrina Kum**  
Manager, Marketing & Events

**Ken Morrissey**  
Senior Advisor - Communications,  
Research and Policy



## MESSAGE FROM THE CHAIR

This has been an unprecedented year for the offshore oil & gas industry in Newfoundland and Labrador. The industry has been facing a crisis, as COVID-19 coupled with the collapse of global oil prices created a perfect storm and wreaked havoc on the entire industry both here and abroad.

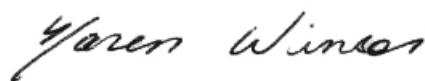
Over the last year the industry experienced countless cutbacks, layoffs and many member companies had to make the difficult decision to close their doors permanently, unable to survive the current economic conditions. It has been heartbreaking, and unfortunately the crisis is not over as many challenges still remain.

While it has been a different year, it has been a rewarding opportunity to serve as chair of the board of directors. I have watched in complete admiration as the staff and board of directors at Noia worked tirelessly advocating for the offshore industry. Through this work, we made great strides to ensure all levels of government recognize the importance of the industry to the people and prov-

ince of Newfoundland and Labrador. This advocacy will continue until we recover and shape a new way forward for oil and gas projects in this province.

I would like to take this opportunity to thank each and every one of you for your ongoing support over the last year. While I know you have all faced extraordinary challenges, you have continued to support our organization and one another. The road ahead will not be an easy one, but I am a strong believer that amidst turmoil comes great opportunity. I am optimistic that with hard work and determination our industry will persevere and recover even stronger than it was before.

Sincerely,



Karen Winsor

**“...we made great strides ensuring all levels of government recognize the importance of the industry to the people and province...”**





## MESSAGE FROM THE CEO

2020 was an extremely difficult year for the offshore oil & gas industry and Noia members. We have witnessed our industry become crippled by the devastating impacts of COVID-19, the collapse of oil prices, and the overall effects of the suppressed economy.

The board of directors and staff of Noia had a very busy year advocating on behalf of the industry. This extensive advocacy campaign began in March and consisted of a variety of initiatives including news releases, speaking opportunities, letters to elected officials, as well as social and traditional media, to name just a few. Thankfully, after many months of advocacy, the industry did receive some relief from the federal government with the announcement of \$320 million to assist with recovery efforts. In addition, the provincial government announced an exploration initiative that could help attract offshore exploration activity. While these are both good initiatives, there is still so much work to be done and Noia's advocacy efforts will continue.

While it has been a very tough year, there have been some signs that the worst is likely behind us.

Global oil prices have been showing significant signs of resurgence as vaccine rollouts continue and the reality of a post-pandemic recovery becomes more within reach. Recently, Brent rose above \$67 barrel.

There is also positive activity happening this year with CNOOC set to drill an exploration well in the Flemish Pass this spring. There are a number of other potential exploration programs on the horizon with seven

projects from six operators receiving environmental approval, including BHP, our newest entrant, and BP, the licence holder for Cape Freels, along with Equinor, Chevron, ExxonMobil, and Cenovus.

As well, recent activity related to Bay du Nord, including discoveries at the Cappahayden and Cambriol wells and an update by the C-NLOPB to the Petroleum Resources and Reserves of the Harpoon well, give us reason to be optimistic.

Despite the circumstances of the past 12 months, I remain hopeful for the future of our industry. I would like to thank you for your ongoing support during this difficult year, and look forward to continuing to work together towards recovery and for the betterment of the Newfoundland and Labrador offshore oil and gas industry.

Sincerely,



**Charlene Johnson**  
CEO, Noia

**“While it has been a very tough year, there have been some signs that the worst is likely behind us.”**





# TWENTY 20

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## COMMITTEES

### Fall Seminar

Heather Beresford, Pennecon (Chair)  
Kieran Hanley, NEIA  
Steve Emberley, Oil & Gas Co.  
Catherine Warren, Saltwater Strategies  
Stephanie Curran, Equinor  
Marlayne Hardy, techNL  
Tracey O'Keefe, Marine Institute

### Finance, Audit & Risk

Christian Somerton, Pennecon (Chair)  
Beverley Evans, KBRS Knightsbridge Robertson Surrette  
Paul Broders, Wood.  
Sheldon Lace, Atlantic Towing

### Governance & Human Resources

Denis Mahoney, McInnes Cooper (Chair)  
James Parmiter, Cahill Group  
Karen Winsor, Atlantic XL  
Dorothy Keating, Noseworthy Chapman

### Industry Achievement Awards

### Noia-Hibernia Scholarship

### Research, Policy & Communications

Gerry Mayo, PF Collins International Trade Solutions (Chair)  
Mark Collett, Crosbie  
Jennifer Haley, Aker Solutions  
Greg Stacey, KCA Deutag Drilling Canada





Bay du Nord FPSO rendering. Photo credit: Government of Newfoundland and Labrador

## 2020 INDUSTRY HIGHLIGHTS

### Hibernia

Newfoundland and Labrador's first offshore installation ceased drilling operations late last spring and layoffs of contractual drilling personnel began in June. The company holds the seven-year drilling contract, which was awarded in 2016. Unifor, the union representing the workers, said at the time the cessation may impact the jobs of up to 200 workers. Although oil production continued, it relied on already-identified reserves.

### Terra Nova

On December 19, 2019, the Canada – Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB) ordered a suspension of production-related operations on the Terra Nova FPSO over concerns about redundant fire water pump systems on board the installation. Ten days later, the offshore regulator opened another investigation after a worker on the FPSO was injured by a fall from a ladder while gas testing.

Following the two incidents, on January 20, the Board issued a second order to Suncor Energy and commenced an enquiry into safety issues on the vessel.

"Following a review of the December 29, 2019 incident by C-NLOPB safety personnel on-board the Terra Nova FPSO, the chief safety officer has ordered Suncor to immediately cease all confined space work and that all confined space work policies and procedures be reviewed by Suncor and updated for compliance with regulatory requirements and to ensure worker safety," the C-NLOPB said in a media release.

While dealing with these issues, Suncor Energy continued to advance plans for Terra Nova's asset life extension. Designed to position the vessel for reliable operations for the next 10-plus years and add about 80 million barrels of oil production, the FPSO had been scheduled to depart in May for a shipyard in Spain. However, impacts of COVID-19 on the shipyard resulted in postponement of Suncor's plans.

On May 30, Suncor reported a fire coming from the low-pressure separator on the FPSO and that it had been extinguished without injuries.

Terra Nova was taken off-field over the summer and moored in Conception Bay, between Bell Island and St. Philip's, where its turret cover plate was installed. It was announced in October that preservation work



on the vessel was underway and, once complete at the end of the month, approximately 100 contractors would be laid off and the FPSO moved to the Bull Arm fabrication facility to be docked quayside for at least six months while Suncor decides its next steps.

Terra Nova has not produced oil since December 2019.

## White Rose

Drill rig Henry Goodrich finished its latest contract with Husky Energy and arrived at Bull Arm on January 29, where it was cold stacked. The rig has been part of the local offshore since 2000. Its final campaign with Husky included infill development drilling, exploration drilling and the first well work-overs at the White Rose field.

The C-NLOPB posted two incident disclosures for the SeaRose FPSO in 2020. On June 18, 1098 litres of a diluted anti-microbial agent was released and on August 27, a near miss was reported in which a 0.7-kilogram metal cone appeared to have fallen to a laydown area from the top of the vessel's turret. No personnel were injured in either incident. In October, Husky was issued a notice of non-compliance by the C-NLOPB's chief conservation officer in relation to the June 18th spill.

Husky Energy confirmed October 7 that an unspecified number of its Newfoundland and Labrador personnel had been laid off from their jobs, effective that day.

## West White Rose

Husky Energy announced March 22 a "systematic and orderly suspension of major construction activities" related to the West White Rose project. CEO Robert Peabody said the decision was out of concern for COVID-19 transmission among its employees, contractors and the community.

A month later, the company confirmed that the project would not resume in 2020, telling CBC News, "Due to the time required to safely secure sites, and to ramp them back up again, combined with uncertainty surrounding COVID-19 timelines, construction is suspended for the remainder of the year and the timing for restarting construction activities is undetermined at this time."

Husky also stated that first oil would be delayed by a year, to 2023.

Then, in early September, the company announced a review of the project, which at shutdown was 60 per cent complete.

"A full review of scope, schedule and cost of this project is critical, given the minimum one-year delay to first oil caused by COVID-19, and our priority of maintaining the strength of our balance sheet with ample liquidity," said Peabody. "Unfortunately, the delay caused by COVID-19 and continued market uncertainty leaves us no choice but to undertake a full review of the project and, by extension, our future operations in Atlantic Canada."

Although some work has continued in Marystown on the living quarters, helideck, lifeboat stations and flare boom, and in Ingleside, Texas on the main topsides, the scopes of work are associated with the controlled ramp down of major construction and include safety and quality maintenance scopes, as well as the receipt and maintenance of pre-ordered equipment.

Immediately following the review announcement, Husky spokesperson confirmed the company is seeking financial assistance from the provincial and federal governments to complete the West White Rose project.

"We are asking the government to consider a direct investment in the project, similar to Hibernia," Husky spokeswoman Kim Guttormson told The Canadian Press. "This isn't a handout or a loan, it's an investment that would provide a return to taxpayers."

Over the following days, the provincial government said its financial circumstances would not allow such an investment in the project and federal natural resources minister, Seamus O'Regan, stated he was in discussions with the province about how to support the industry, at large. However, on October 16, O'Regan told CBC News that the federal government would not take an equity stake in the project.

"We'll continue to talk about where we can be helpful, but a large equity position I don't think is in the cards," he said.

## Husky Energy – Cenovus Merger

Husky Energy and Cenovus Energy announced the creation of a new integrated oil and natural gas company on October 25. The transaction, valued at \$23.6 billion, was unanimously approved by the boards of both. The new company will operate as Cenovus Energy and remain headquartered in Calgary.

A few days later, on October 27, a company spokesperson told CBC News that the merger would result in human resources reductions of up to 25 per cent of the combined 8,600 employees and contractors. Most of the reductions were expected to take place in Calgary. Also that day, a Husky Energy official confirmed to local media outlets that the 2021 construction season for the West White Rose project was cancelled.

### Hebron

The newest project offshore Newfoundland and Labrador achieved a significant milestone September 5, 2020 when ExxonMobil announced that the platform had produced its 100 millionth barrel of oil that day.

A “near miss” incident bulletin filed by the C-NLOPB disclosed that a piece of a temporary handrail, weighing approximately nine kilograms, had fallen to a lower deck June 24 after being bumped by a container. No personnel were in the area at the time.

### Bay du Nord

In mid-March, Equinor announced the Bay du Nord project would be deferred due to low oil prices. The project area, located about 500 kilometres east of St. John’s in approximately 1200 metres of water depth, is estimated to hold 300 million barrels of oil and would provide 11,000 person-years of in-province employment, as well as \$3.5 billion in revenues to the provincial government. The announcement also stated that an investment decision could be made in 2021, with first oil to be produced in 2025.

Over the spring and summer, Equinor proceeded with its drilling program, on exploration licence (EL) 1156, with the Transocean Barents drilling exploration wells Cappahayden K-67 and K-67Z and Cabriole G-92. Equinor announced October 29 that hydrocarbons had

been found during the drilling program, but that it was too early to provide specific information on volumes.

### Other Flemish Pass news

CNOOC announced March 31 that it was delaying its 2020 Flemish Pass exploration drilling campaign in response to the COVID-19 pandemic. The Stena IceMAX drillship had been contracted for the campaign, which had included one well with an option for a second.

In better news, Stena Drilling announced via social media October 19 that it had signed a contract with CNOOC to use mobile offshore drilling unit (MODU) Stena Forth for a one-well Flemish Pass drilling program to commence between April and June 2021 and last approximately 90 days. This will be the first visit to Newfoundland and Labrador waters for the MODU, which is a harsh environment, dynamically-positioned, class 3 drillship capable of operating in water depths up to 10,000 feet.

### North Atlantic Refining

North Atlantic Refining in Come By Chance announced plans in October 2019 to build an overland pipeline connecting the refinery to the Newfoundland Transshipment Terminal, 2.5 kilometres away in Arnold’s Cove. The proposal was registered with the province on October 9, 2019 for environmental assessment, public comment was invited and received, and the minister released the project on February 4, 2020.

The pipeline would be used to move oil from the transshipment terminal to the refinery, expanding the global market for Newfoundland and Labrador oil as Come By Chance is able to accommodate some larger crude carriers that are beyond the capability of the Arnold’s Cove dock. As proposed, the pipeline would have a pumping station at each end, allowing oil to flow in both directions and creating a back-up route for when either facility is offline.



CNOOC contracted Stena Forth for a one-well Flemish Pass drilling program that will begin between April and June 2021





West Aquarius moored in Bay Bulls. Photo credit: Seadrill

In late March 2020, North Atlantic Refining announced it would stop refining oil due to COVID-19 concerns and began to transition to standby mode. It was expected at the time that the shutdown could last for two to five months. Hundreds of workers were laid off. On May 28, a news release from Irving Oil revealed that the Atlantic Canadian company had reached an agreement to purchase the refinery from its current owner, Silverpeak, subject to regulatory review and other sale conditions. Over the following months, concerns that Irving Oil would shut the facility were eased by assurances that the intention was to re-start operations.

Another expression of interest in purchasing the refinery – should the Irving Oil deal not work out – was received by the provincial government in mid-July from Origin International, which describes itself as an international hydrocarbon recycling company. CBC News reported July 20 that a letter to natural resources minister, Siobhan Coady, stated the company would “transform” the refinery “into a more environmentally sustainable operation of the future” and the intention “would be to start the refinery back up with no public investment required. Our investors are not interested in adding any unnecessary burden to Canadian taxpayers.”

It was confirmed October 6 that the Irving Oil purchase deal had collapsed and concerns again began to circulate that the refinery may be facing permanent closure and the loss of hundreds of jobs. Premier Furey and energy minister, Andrew Parsons, commented on the news, stating that the provincial government was talking regularly with Silverpeak and that the company was continuing to look at options.

On October 6, a reservation of the company name “NARL Terminal” was made through the province’s Registry of Companies. By October 27, concerns were being expressed that the refinery could be maintained on “warm idle” and become nothing more than a tank farm for the storage and distribution of fuels.

### Government assistance for the offshore industry

An Emission Reduction Fund of \$750 million was announced by the federal government April 17. Designed to reduce emissions in Canada’s oil & gas sector, with a focus on methane, the fund provides primarily repayable contributions to conventional and offshore oil & gas firms to support their investments to reduce greenhouse gas emissions. Of this amount, \$75





Concrete Gravity Structure. Photo credit: Husky Energy

million was allocated to Newfoundland and Labrador's offshore sector.

After months of repeated calls from the oil & gas sector for help from the federal and provincial governments to mitigate the impacts of COVID-19 and the world-wide industry downturn, the Government of Newfoundland and Labrador announced a new offshore exploration initiative on September 24 which would provide offshore lease holders with financial incentives to drill more wells.

Noia and many industry players had been lobbying for incentives to get offshore drilling moving, as well as incentives for development projects.

The new provincial initiative will allow future bid deposit forfeitures from the C-NLOPB's land sale process to be reinvested into funding a percentage of well costs beyond the first well drilled on a licence. Under the land sale process, successful bidders are required to post a security deposit for 25 per cent of the work

expenditure bid. If the bidder does not meet its work commitment, the security deposit is forfeit and the investment opportunity is lost.

The following day, the Government of Canada announced \$320 million dollars for Newfoundland and Labrador to "support jobs and ensure the sustainable, long-term, lower-emitting future for our offshore." \$32 million from the federal fund was set aside specifically for the supply and service sector.

The provincial government subsequently established a volunteer task force to determine how the federal money was to be spent. Chaired by 2020 Noia Board Chair Karen Winsor and former Board member Bill Fanning, the group included 19 other industry members. The task force was structured under four streams of expertise: policy and regulation; exploration and development; energy transition; and supply chain. Announced on October 15, the task force was provided a 90-day window to make its recommendations.



On December 3, 2020, Premier Andrew Furey announced \$41.5 million in federal cash for Husky Energy to maintain jobs and move towards restarting its West White Rose offshore oil project in Newfoundland and Labrador, although officials admit a restart is not certain.

“The project will provide employment for 169 people in the province in project management and engineering alone,” said Premier Furey. He said there will also be work for 162 tradespeople in Argentia and Marystown, for a total of 331 jobs.

The Task Force also announced \$38 million in support for the Hibernia oil platform to restart well work, perform drill rig upgrades, and invest in new digital technology, resulting in an estimated 300,000 hours of work over an estimated 18-month period. The investment will result in 77 additional, full time equivalent (FTE) positions in 2021, and maintain employment for 44 FTE positions in 2021 and 27 FTE positions in 2022, for a total commitment of 148 FTE positions.

An offer of up to \$175M to Suncor and its partners for the asset life extension program of the Terra Nova FPSO was announced. This offer was contingent on a commitment by Suncor and its partners to match the government contribution, and to commit to a long-term production plan for the Terra Nova. All sides had until March 31, 2021 to formalize an agreement. This deadline was since extended and to date no announcement has been made.

### NL land tenure activity and 2020 resource assessment

In November 2019, the C-NLOPB released the results of Call for Bids NL19-CFB01 (Exploration Licences, South Eastern Newfoundland Region) and Call for Bids NL19- CFB02 (Exploration Licences, Jeanne d’Arc Region). There were three successful bids for land having a cumulative value of more than \$28 million.

To assist the Board in choosing a sector for introduction into the scheduled land tenure system, the C-NLOPB issued Call for Nominations (Areas of Interest) NL20 – CFN01 on January 9 for the Eastern Newfoundland Region. Nomination submissions or comments were due March 11, 2020 with a resulting Call for Nominations (Parcels) to open in August 2021. On June 11, the general location of the new offshore sector, called NL05-EN, was announced.

The 2020 Call for Bids NL20-CFB01 – the province’s fifth scheduled licence round – was also announced June 11 with a submission deadline of November 4, 2020. Seventeen parcels of land totaling more than four-million hectares were released within the Eastern Newfoundland Region. Six of these parcels are newly- posted acreage within the Orphan Basin and were the focus of the 2020 Independent Oil and Gas Resource Assessment. Released September 29, the assessment showed 11.1 billion barrels of oil and 24.5 trillion cubic feet of natural gas potential.

“For the first time in our offshore, 90 percent of the license round is covered with 3D seismic data and the remaining 10 percent is covered by 5×5 2D which has provided us with an enhanced level of certainty in these resource numbers,” said Jim Keating, executive vice president, offshore development for Nalcor Energy – Oil & Gas.

The C-NLOPB issued Call for Nominations (Parcels) NL20-CFN01 in the South Eastern Newfoundland Region and Call for Nominations (Parcels) NL20-CFN03 for the Jeanne d’Arc Region on September 9. The results of these nomination calls will assist the Board in selecting parcels of land to be included in the 2021 bid calls, which will close in November 2021.



The Government of Canada announced \$320 million dollars to support jobs and ensure the sustainable, long-term, lower-emitting future for our offshore.



Transocean Barents. Photo credit: Transocean

## Regional assessment

In June, the provincial and federal governments announced that a regulation for a regional assessment related to offshore exploration had been approved after a thorough consultation process by an external committee appointed by both governments. The intention of the regional assessment is for offshore exploration programs to be exempted from the designated project list of the Impact Assessment Act. Due to the frequency of exploration and the acquired knowledge of their impacts from decades of activity offshore Newfoundland and Labrador, many in the industry stated that a separate environmental review for each exploration program was not necessary.

The regional assessment allows for the C-NLOPB to be the authority responsible to ensure a company undertaking offshore exploration complies with the conditions of the exploration activity. Noia had been advocating for a regional assessment for some time as the impacts of exploration programs are well understood and the previous approval process arduous, placing the Newfoundland and Labrador offshore industry at a competitive disadvantage internationally.

## Environmental reviews of offshore activities

Several operators have proposed exploration programs for offshore Newfoundland and Labrador in recent

months. During various stages of environmental review Noia has provided comment on the programs and supported their approval. Those operators and basins were:

- BHP (Orphan)
- BP Canada (Orphan)
- Chevron Canada (West Flemish Pass)
- CNOOC (Flemish Pass)
- Equinor Canada (Flemish Pass)
- Husky Energy (Jeanne d'Arc)

As well, in September Noia provided comments to the Impact Assessment Agency of Canada supporting the Environmental Impact Statement of the Core Bay du Nord Development and Project Area Tiebacks (Bay du Nord) in the Flemish Pass Basin as submitted by the proponent, Equinor Canada. In the submission Noia highlighted the important fact the project will help the Newfoundland and Labrador offshore industry supply the world demand for oil with a product that is lower in greenhouse gas emissions as it will “produce approximately half of the greenhouse gas emissions of the current lowest emitting production facility offshore Newfoundland and Labrador.”

## Permanent directors appointed to Oil & Gas Corporation

Former natural resources minister, Siobhan Coady, welcomed a new permanent board of directors to the



Oil and Gas Corporation of Newfoundland and Labrador July 17. The appointments were made through the Independent Appointments Commission process and were effective immediately. Members include Heather Jacobs (chair), Bernard (Tanny) Collins, Charles Randell, Wayne Chipman and Pierre (Perry) Tobin, who contributed to the interim board. New members are Leslie Grattan, Richard Daw, Shelly Leighton and Jennifer Warren.

### Three seismic surveys completed

Three new offshore surveys were completed in the summer of 2020 by Norwegian firm PGS. Using the Ramform Atlas and Ramform Titan, the 3D surveys – Blomidon, Torngat Extension, and South Bank – covered more than 8,000 square kilometres of offshore acreage in areas to be released for land sale in 2021 and 2022.

### Province and industry commit to net zero by 2050

The Government of Newfoundland and Labrador announced its commitment to achieve net zero emissions by 2050 in a letter to Prime Minister Justin Trudeau on May 26. The letter, from former Premier Dwight Ball, stated that it shares the federal government's goals of environmental protection and reducing carbon emissions, including those from the oil & gas sector.

On June 10, 2020, the House of Assembly unanimously passed a Private Members Motion supporting the commitment to achieve net zero carbon emissions by 2050 in Newfoundland and Labrador. The motion highlighted the low-carbon intensity of the province's oil at extraction and that soon, 98 per cent of electricity used in the province will be generated from renewable energy. It also committed to a five-year plan to achieve net zero emissions by 2050.

The clean energy space is one Noia has been working on as part of a collaborative effort with the Newfoundland and Labrador Environmental Industries Association (NEIA), the Atlantic Canada Opportunities Agency (ACOA), Nalcor Energy – Oil and Gas and the Canadian Association of Petroleum Producers (CAPP). Since 2019, a committee consisting of members from these organizations has been examining clean tech in the offshore oil & gas industry and secured funding from the federal and provincial governments to examine ways to lower the carbon footprint of the offshore.

In 2020, the organizations received support from the Atlantic Canada Opportunities Agency (ACOA), the

Department of Industry, Energy, and Technology, and the Oil and Gas Corporation of Newfoundland and Labrador to engage in a series of important studies related to clean technology in the offshore.

Two key studies were recently completed: the feasibility of powering future offshore oil and gas operations with clean electricity from shore; and powering existing and future operations with offshore wind energy. The initial results from this research were made public during Noia's Virtual Fall Seminar held November 18, 2020 and were favourably received by attendees. The reports by Aker Solutions and Intecsea, indicate that power from shore and offshore wind are both technically feasible. Further work has been proposed to study the financial feasibility of these approaches to powering offshore production facilities.

### Accelerated bid deposit write-down program

In August, the Government of Canada announced an accelerated bid deposit write-down program which provides a faster refund on bid deposits that operators are required to provide to the C-NLOPB as part of the offshore land tenure process.

Operators successful in the land tenure process must provide a security deposit that is 25 per cent of their total bid. The accelerated bid deposit write-down program will incent operators to commence exploration wells quicker as it provides refunds for programs started early in the licence period they hold. The earlier a program begins and/or the more exploration wells undertaken, the larger the refund.

### Governments update R&D targets

Late in December 2019, the governments of Canada and Newfoundland and Labrador, along with the C-NLOPB, adjusted the formula used to calculate research and development (R&D) expenditures by producing operators in the province's offshore. A ceiling of 0.5 per cent of project revenues will be used in calculating R&D expenditures for oil producers. It replaces a calculation using a Statistics Canada benchmark that had increased substantially since 2014, due mainly to the global decline in oil & gas prices. The measure will be implemented retroactively to 2017.

### Two new facilities proposed for Southern Shore

There are two new industrial infrastructure proposals in the works, both for the Southern Shore of the Avalon Peninsula.

On January 2, Baker Hughes Canada registered a new project proposal for environmental assessment with the provincial Department of Municipal Affairs and Environment. The Cape Broyle Jet Perforating Gun Assembly Facility project description says the company plans to construct a facility “to assemble pre-fabricated components into jet perforating guns and store them locally for use by operators in the Newfoundland offshore oil & gas industry. The project will include the construction of a 300-metre access road from Route 210 to a storage yard where a gun-loading facility and Type 4 magazines for the storage of explosives will be built... No explosive devices will be detonated at the site location and the combustion of explosive material is not a part of the activities carried out at jet perforating gun assembly facilities.”

The project was released from review May 6 with a number of conditions.

On March 2, the province released another proposal from environmental assessment, this one a spool base on the north shore of Fermeuse harbour. The proponent is Fermeuse Enterprises Ltd.

According to the environmental assessment registration documents, the spool base “is a specialized onshore construction facility which uses advanced welding and piping technologies to cost-effectively support offshore oil & gas production. It provides advanced welding and other technologies to methodically assemble rigid pipes of various diameters into predetermined lengths for spooling onto a reel lay vessel for offshore deployment.” Although “shovel-ready,” the project is now on pause, given current industry conditions.

## Nova Scotia LNG

Bear Head LNG Corp and Bear Head Pipeline Corp applied in October 2019 to the Nova Scotia government to extend their construction permit to build an LNG conversion plant at Bear Head and a 62-kilometre gas pipeline to feed it. Government approved the three-year extension, which would have expired December 31, 2019. However, on July 22, Nova Scotia’s Chronicle Herald newspaper reported that its parent company, Australia’s LNG Ltd, had the company up for sale.

In October 2019, Pieridae Energy closed its \$190-million purchase of Royal Dutch Shell’s midstream and upstream assets in the southern Alberta foothills, including the Jumping Pound, Caroline and Waterton assets. The combined production of 29,000 barrels of oil equivalent per day would add to the gas supply that would be

essential for Pieridae’s Goldboro LNG Project in Nova Scotia to proceed. However, in May, the Alberta Energy Regulator refused to transfer the licences over concerns about how liability for site cleanup would be divided between the two companies.

Although the final investment decision on proceeding with the project had been slated for the third quarter of 2020, the company announced in April that, due to COVID-19, the deadline had been extended to June 2021.

## New sources of crude for the Saint John Refinery

Irving Oil applied to the federal government under the Coasting Trade Act in April for permission to use foreign oil tankers for a period of one year to carry crude from ports in British Columbia, Gulf Coast terminals in the United States, and offshore Newfoundland and Labrador to its refinery in Saint John. West coast Canada and American crude would be transported via the Panama Canal to its east coast destination. In its application, Irving Oil indicated a minimum of 350,000 to a maximum of one million barrels would be transported.

The rationale for the application was the significant uncertainty in energy markets and marine supply chains caused by the COVID-19 pandemic, dramatic changes in global crude oil markets, and the closure of the North Atlantic oil refinery. Appropriately-scaled Canadian vessels were in long-term use for other purposes, the application stated, so unavailable to Irving Oil for their transportation requirements. As a result, Irving Oil was required to apply to use foreign flagged tankers to move the oil as Canadian-owned vessels were not available.

Federal approval came through in May and on July 1 Cenovus Energy shared through social media that its first shipment had departed Burnaby for Saint John on board tanker Cabo de Hornos. The tanker arrived in Saint John July 20 and unloaded an estimated 450,000 barrels of crude.

The company also received approval later in the year to ship between 675,000 to 715,000 barrels from Newfoundland and Labrador to New Brunswick.

Additional shipments are expected at the east coast refinery until April 21, 2021 when the exemption expires.

## Sable and Deep Panuke

Late in December 2019, the Noble Regina Allen jack-up drilling rig made a reappearance in Halifax harbour,





Stena Drilling's drillship, *Stena Forth*. Photo credit: [www.stena-drilling.com](http://www.stena-drilling.com)

where it tied up in Woodside. The rig first arrived in Halifax late in 2017, after which it was towed to the Sable field to begin plugging and capping Sable's 21 gas wells. The rig was to proceed next to the Deep Panuke project to continue decommissioning work there.

In its offshore half year 2020 earnings report, SBM Offshore stated the Deep Panuke platform had been safely de-installed from the offshore field in July and the next phase of the project would be to prepare the platform for transport to a recycling yard, with yard selection slated for the second half of 2020. SBM had chartered and installed the jack-up for Encana (now Ovintiv) in 2011.

Heerema's heavy-lift vessel *Thialf* arrived in Canada in early April and mobilized to the Sable field on May 1 to begin executing a sequence of separate lifts of platform components using a reverse-installation method. It was reported on December 28, 2020 that *Thialf* completed an eight-month campaign to remove the Sable facilities offshore Nova Scotia.

An onboard crew of about 300 international and domestic workers, aided by support vessels and helicopters, completed the work which included the engineering, preparation, removal, and disposal of seven platform topsides, seven jackets, and 22 conductors. Five barge loads carrying Sable platform components, weighing about 48,000 metric tons, were towed across the Atlantic. After dismantling at the Able UK decommissioning yard in Hartlepool, England, about 99% of the material will be recycled primarily into steel.

## Corridor Resources

Corridor Resources did not extend its license for the Old Harry exploration prospect off Newfoundland's west coast in the Gulf of St. Lawrence. The company failed to file a drilling deposit by January 15 to extend the license, so the land reverted to the Crown on that date.

Later that month, Corridor Resources announced that it had entered into an investment agreement that would result in a new management team, reconstitution of the board of directors, and a name change to Headwater Exploration Inc., subject to shareholder approval.

The new management team, it was announced, would take a unique approach to oil & gas development, which would include giving full-cycle consideration to profitably reducing emissions and water use while appropriately stewarding all abandonment obligations.

## Other Maritimes news

On January 15, BP Canada notified the Canada-Nova Scotia Offshore Petroleum Board (C-NSOPB) that it would forfeit its \$1-million drilling deposit paid in 2019 and pay a further drilling deposit of \$2 million to extend Period 1 for an additional year. This additional extension period expired on January 14, 2021.

Nova Scotia's 2020 call for bids on offshore land was postponed in May following the joint agreement of the province's energy minister and federal natural resources minister.



Noia hosted two virtual town halls to discuss concerns about the future of Newfoundland and Labrador's offshore oil & gas industry.

## Noia Advocacy

### Extensive advocacy campaign resulted in support of the offshore

COVID-19 and the drastic decline in oil prices has had a devastating impact on the offshore oil & gas industry. For most of 2020, Noia's Board of Directors and staff worked diligently, advocating to the federal and provincial governments for support for the offshore industry. These efforts employed a wide range of tactics to both inform and engage decision makers, as well as the general public, and to encourage Noia members and others in the industry to share both their concerns and support.

Below is a summary of Noia's 2020 advocacy activities.

#### Social media campaign

Noia launched a campaign that highlighted the economic importance of the offshore oil & gas industry, using hashtag #MyOffshoreMyFuture. Blitzing Facebook, Twitter and LinkedIn, the campaign's tone was positive and focused on the expertise and accomplishments of the local industry. This campaign was enhanced by a substantial uptake from industry employees and supporters who highlighted why the offshore was important to them. Noia also developed a video for social media that emphasized the importance of the offshore. In response, many industry supporters also shared their own videos and stories of what the offshore means to them.

#### Media

Traditional media was an important avenue to communicate Noia's advocacy efforts. CEO Charlene Johnson and Board of Directors chair, Karen Winsor actively pursued and participated in local, national and international media opportunities. This included local call-in and discussion programs, such as VOCM's On Target and Open Line, CBC Radio's CrossTalk and newspapers and magazines such as The Globe and Mail, Financial Post, World Oil and Upstream. Johnson also delivered presentations to virtual events, was featured as a guest on a number of podcasts and authored a nationally published op-ed.

#### Town halls

##### Virtual Town Hall 1 - Monday, April 27, 2020

Noia hosted two virtual town halls to discuss concerns about the future of Newfoundland and Labrador's offshore oil & gas industry, with the first occurring on Monday, April 27.

The format included a panel discussion moderated by Kim Keating, chief operating officer of Cahill Group, and a question and answer



opportunity for members. Panel members were Bill Fanning, president and country manager for Kvaerner Canada; Geoff Eaton, founder and executive director with Young Adult Cancer Canada; Crystal Eagan, realtor with Hanlon Realty; Steve Denty, chair of Hospitality NL; and Ray Greene, acting CEO for the Port of Argentina. This diverse panel discussed the broad impacts of offshore oil & gas and what an industry downturn means to them and the province.

Seamus O'Regan, minister of natural resources Canada, and Siobhan Coady, minister of natural resources for Newfoundland and Labrador, also attended the town hall and offered supportive remarks about the industry.

### **Virtual Town Hall 2 – May 14, 2020**

Noia hosted their second virtual town hall May 14. With more than 800 in attendance, Bill Fanning moderated a panel discussion featuring four speakers – former premier and vice-chair of BMO Financial Group, Brian Tobin; president of Killick Capital, Mark Dobbin; president of Cahill Group, Fred Cahill; and Noia CEO Charlene Johnson.

This second town hall demonstrated ongoing support for the offshore industry and garnered significant media attention.

### **Industry News Conference**

The Honourable Dwight Ball, then premier of Newfoundland and Labrador, Siobhan Coady, then natural resources minister, and industry leaders held a virtual news conference in support of Newfoundland and Labrador's offshore oil & gas industry May 26.

Memorial University President Vianne Timmons; Terry Abel, executive vice president of the Canadian Association of Petroleum Producers (CAPP); Darin King, executive director of Trades NL; Kieran Hanley, executive director of the Newfoundland and Labrador Environmental Industries Association (NEIA); Alison Rumbolt, a pilot with Cougar Helicopters; and Charlene Johnson, all spoke at the news conference. This event demonstrated unity and the importance of the offshore oil & gas industry to all sectors of the Newfoundland and Labrador economy, while also highlighting the commitment of the provincial government to see a resolution that included participation by the Government of Canada.

### **News releases**

Noia and CAPP issued a news release July 7 that called on the federal government to invest in Newfoundland

and Labrador's offshore. The release included statements of support from over 80 prominent business and political figures, including the province's natural resources minister, Siobhan Coady. It received significant media attention as it once again showcased the broad support prevalent for the industry and included many individuals and companies who typically refrain from public commentary.

Over the summer Noia launched a campaign that showcased members' involvement in the offshore oil & gas industry. The campaign consisted of a series of news releases from members which focused on how they benefitted from the offshore industry, as well as the impacts and challenges they were facing from the global crisis.

Over a dozen Noia members participated in the initiative and the news releases were often reported by media outlets, including VOCM, CBC and World Oil, and also generated a number of follow-up interviews which helped to keep the conversation active.

### **Noia/CAPP letter writing campaign**

Noia and CAPP – through the Canada's Energy Citizens initiative – launched an online letter-writing campaign directed to the Members of Parliament for Atlantic Canada, as well as then Minister of Finance Bill Morneau, Minister of Environment and Climate Change Jonathan Wilkinson and Minister of Infrastructure and Communities Catherine McKenna. More than 2,000 letters of support were sent to the federal government requesting an investment in Newfoundland and Labrador's offshore oil & gas industry. Noia and CAPP were pleased that numerous industry associations, such as the St. John's Board of Trade, NEIA, Trades NL and the Atlantic Chamber of Commerce, supported this initiative.

### **Noia website**

To assist members with information on support programs being disseminated by federal and provincial agencies regarding COVID-19, Noia developed a resource section on its website which summarized information and provided quick links. A webpage highlighting Noia's ongoing advocacy efforts was also created.

Additionally, a webpage was added to promote the products and services offered by members, to members, during the pandemic. This provided access to personal



protective equipment (PPE) and medical supplies, hand sanitizer, cleaning services and virtual technology, as well as other specialized offerings.

## Surveys

To determine the impacts of the crisis on members, Noia periodically emailed surveys to its members. Responses were confidential and were intended to provide insight into revenue and job losses occurring within the supply and service sector. The data was also helpful for the Board of Directors and staff when determining future advocacy initiatives and for informing governments.

## Correspondence

Aside from the numerous public advocacy efforts of Noia, the CEO and Board of Directors chair wrote numerous letters to federal and provincial officials about the circumstances affecting the offshore. This correspondence laid out facts of the crisis, provided possible solutions and requested meetings to discuss ways to help the industry survive. Noia felt it was important to put its concerns and the responses on paper and on record.



## September 16 rally

Noia was happy to join Unifor Local 2121 and hundreds of supporters of the offshore oil & gas industry for a rally September 16. While adhering to COVID-19 safety protocols and advice from the Office of the Chief Medical Officer of Health, supporters gathered at the steps of Confederation Building in St. John's to demand action from the provincial and federal governments for the struggling offshore industry.



Highlights of the rally included multiple transport trucks on site, banners of support and a special fly-over by Cougar Helicopters. Speakers at the rally included Dave Mercer, president of Unifor Local 2121; Mary Shortall, president of the Federation of Labour; John Leonard, president of Trades NL; Charlene Johnson; Amanda Young, a chef on the Terra Nova FPSO; and Carmilita Synard, who worked on the Hibernia GBS. Other impromptu speakers included Premier Andrew Furey and Opposition Leader Ches Crosbie.

The rally helped to put a fine point on the advocacy efforts of Noia and, shortly thereafter, both the provincial and federal governments announced initiatives to support the offshore oil & gas industry – a provincial exploration initiative and \$320 million in federal funding.





**The Flight 491 Legacy Fund Bursary and Scholarship Program** was established to honour the members of the victims of the crash of helicopter Flight 491 on March 12, 2009. The legacy fund was an initiative of three stakeholder groups – Noia, CAPP and the St. John's Oilfield Technical Society – which solicited donations by corporations and individuals totaling over \$1.4 million at the time of the endowment agreement signing.

The awards, valued at a portion of the income on the endowment, are open to full-time undergraduate students entering their first year of study at Memorial University, the Fisheries and Marine Institute and the College of North Atlantic. A bursary is awarded based on demonstrated financial need and is renewable for up to three additional years of consecutive full-time study provided the recipient continues to maintain clear academic standing. A scholarship is awarded on the basis of scholarship standing and is renewable for up to three additional years of consecutive full-time study provided the recipient continues to maintain scholarship standing.

In 2020, the following students were selected by the post-secondary institutions to receive scholarships and bursaries.

## MEMORIAL UNIVERSITY

### **Bursary Recipients:**

Emily Watkins, Durrell, NL

### **Scholarship Recipients:**

Benjamin Stanley, St. John's, NL

### **Bursary Renewals:**

Jennifer Coates, Gander, NL

Chelsea Beaton, Peterview, NL

Jessica Canning, Grand Falls-Windsor, NL

### **Scholarship Renewals:**

Thomas Park, Irishtown-Summerside, NL

Hannah Farrell, St. John's, NL

Polina Konstantinova, St. John's, NL

## COLLEGE OF THE NORTH ATLANTIC

### **Bursary Recipients:**

Evan Simms, Bell Island, NL

### **Scholarship Recipients:**

Justin Burton, Badger, NL

Lucas Oldford, Bunyan's Cove, NL

Keegan Theriault, Bridgetown, NL

### **Bursary Renewals:**

Morgan Strickland, Burgeo, NL

Collins Annor, St. John's, NL

### **Scholarship Renewals:**

Chantelle Maloney, Clarenville, NL

## FISHERIES & MARINE INSTITUTE

### **Bursary Recipients:**

Jayden Reginald Loveless, Seal Cove, Fortune Bay, NL

### **Scholarship Recipients:**

Amber Tremblett, New Harbour, NL

Noah Burden, Victoria, NL

Reilly Malcolm, Sydney, NS

### **Bursary Renewals:**

Sydney Daly-MacPhil, St. John's, NL

### **Scholarship Renewals:**

Tristan Hamlyn, St. John's, NL

Natalia Lashina, Conception Bay South, NL

Lucas Dorrance, Cambridge, NS

Courtney Osmond, Lewisporte, NL

## PIHRC Update

The Petroleum Industry Human Resources Committee (PIHRC) is the primary industry resource for career information and the promotion of careers in the Newfoundland and Labrador offshore oil & gas industry. PIHRC identifies labour market issues in the oil & gas sector and works with or through other agencies, such as government departments, school districts, and educational institutions, to provide information to students and their key influencers. PIHRC is co-chaired by Noia and the Canadian Association of Petroleum Producers (CAPP) and is governed by an Executive Steering Committee, consisting of senior industry and Government of Newfoundland and Labrador representatives.

2020 was off to a great start for the Petroleum Industry Human Resources Committee with many outreach and networking events and initiatives planned throughout the year.

Early in 2020 (January – March) PIHRC was actively organizing outreach events with high schools across the province to launch its new website ([www.oilandgascareerinfo.ca](http://www.oilandgascareerinfo.ca)). These sessions provided high school students with an interactive Oil & Gas 101 presentation and a walk-through of the website and related resources.

In early March 2020, PIHRC was invited to facilitate an insight session at the Newfoundland and Labrador English School District's (NLESD) Good at Learning Good at Life conference. This conference was attended by educational leaders and partners from across the province. PIHRC facilitated a presentation and interactive discussion outlining the successful partnership between the NLESD and the local oil & gas industry to date in delivering initiatives aimed at increasing awareness and education of our local oil & gas industry and related career options for students in the province. Participants of this session heard about successful initiatives and events to date, including activities focused on deep-learning, an awareness campaign focused on debunking myths about the industry, launch of a new updated website, and results of a recent industry skill-gap analysis. Participants also had the opportunity to test their knowledge of our local oil & gas industry and learn how

to incorporate this important industry into classroom activities. In addition, participants had the chance to provide input into future engagement opportunities targeted at students, educators, and parents.

When challenges faced by the Covid-19 pandemic hit in mid-March, PIHRC had to quickly respond with refocused efforts to continue to offer education and awareness in a very different environment with strict limitations. Many of the outreach events and activities planned for the remainder of the year focussed on in-person classroom visits and student forums. With classroom instruction coming to an end mid-March and switching to online-based learning, PIHRC quickly developed an awareness plan to promote the various online learning options and resources available to students and educators on our website. An active social media campaign was launched and resulted in a significant increase of visitors to the website during the period of April-June 2020.

Given the success of the online learning awareness campaign, along with the prediction that the Covid-19 pandemic and resulting limitations may be in place for the remainder of the year, PIHRC developed a plan to expand and enhance its online learning resources.

In the fall of 2020, PIHRC engaged with various consulting groups to begin the development of an Online Learning and Resource Platform for high school students and educators with enhanced interactive learning tools and resources. These learning tools and resources are being developed currently with a planned launch for Spring 2021. The new Online Learning and Resource Platform will contain specific curriculum linked outcomes for educators to use in various subject areas and will be in the form of videos, infographics, worksheets, slideshow presentation, and a fun, interactive gameshow. PIHRC strives to bring local oil & gas awareness and knowledge to classrooms across the province in a format that is user-friendly for educators while engaging and educating our youth about this important industry.



# Noia's Virtual Exhibition



## Noia Fall Seminar Offers A Unique Virtual Experience

Noia's Fall Seminar has been an important event for the offshore oil & gas industry in Newfoundland and Labrador and Canada for more than 20 years. As a result of the global pandemic, this year's Fall Seminar looked very different and was delivered via a dynamic virtual platform.

Themed *Evolving Our Offshore: Balancing the Energy Mix*, Fall Seminar 2020 explored the important role that our offshore will play in Newfoundland and Labrador's commitment to achieving net zero by 2050. From technology transfers to renewable energy mixes, industry leaders identified how clean energy is applicable to our offshore and shared policy decisions which have allowed other jurisdictions to grow.

The morning session included live guest speakers, beginning with Jo Husebye, Partner, Rystad Energy, who discussed how to remain a competitive oil and gas producer in a carbon constrained world. Other speakers included Jim Keating, Executive Vice President, Offshore Development, Nalcor Energy, who spoke about showcasing Newfoundland and Labrador's potential, and Torgeir Stordal, Director of Exploration, Norwegian Petroleum Directorate, who discussed oil and gas development during the emerging energy transition – a

perspective from Norway. The final speaker from the morning session was Øystein Kolstad, Principal Analyst Sustainability, Equinor ASA, who discussed how to create a low-carbon advantage and outlined Equinor's climate roadmap.

Catherine Courage, VP, Ads and Commerce User Experience, Google, was the luncheon keynote speaker. Catherine, originally from St. John's, delivered an engaging address on strategic approaches that drive new ideas and innovation.

Fall Seminar also included three interactive breakout sessions that encouraged attendees to explore ideas, opportunities, and solutions on timely topics.

### **Breakout Session 1: Supplier Development & Diversification in Emerging Markets**

This session focused on promising sectors that may provide growth opportunities for the supply and service sector in renewable energy mixes and beyond. Panelists presented on the topics of hydrogen, defence, bridging industry participation, and technology and innovation. The speakers for this session were David Shea, Senior

On September 24, the  
Provincial Government  
announced a new  
offshore exploration  
initiative to provide  
companies with the  
incentive to drill  
more wells in the  
best prospects.



Vice President of Engineering, Kraken Robotics; Sabina Russell, Principal, Zen Solutions; Moya Cahill, CEO, PanGeo Subsea; and, Gina Pecore, Chief Executive Officer, Genoa Design.

#### **Breakout Session 2: International Opportunities Discussion Forum**

The second breakout session was a discussion forum that focused on the incredible reputation the Newfoundland and Labrador supply and service sector has built for its work in the harsh weather environment of the region and its ability to transfer skills to other regions with offshore industries. The session featured a panel with expertise in the offshore and demonstrated how it can be applicable to other jurisdictions.

Panelists were: Patrick Henry, DAI; Camilo Morales, Aberdeen International Associates; Scott Wilson, Scottish Development International; and Hans Inge Hem Bollingmo, Innovation Norway.


#### **Breakout Session 3: Clean Tech Discussion Forum**

Newfoundland and Labrador has started to position itself as a leader in clean technology, driven by companies and organizations engaged in the offshore sector. This breakout session looked at the clean tech sector in the province and examined ways to enhance participation both locally and globally. Participants were provided with a number of issues pertaining to clean tech in the offshore to discuss in breakout groups and then present to the wider group.

Fall Seminar also included a number of pre-recorded sessions available to attendees to watch on demand. These included two presentations on recent studies commissioned by Noia, NEIA and the Oil and Gas Corporation of Newfoundland and Labrador.

They also included presentations from Scott Humber, Sr. Electrical Engineer, Aker Solutions on Electrification of FPSO Vessels Offshore Newfoundland and Labrador and Mike Paulin, Operations Director, Intecsea on Evaluating the Technical Feasibility of Wind Energy to Electrify Oil and Gas Production Facilities Offshore Newfoundland and Labrador. Jim Herbertson, Technical Director, Climate and Energy, IPIECA presented on the oil and gas industry, the energy transition and sustainable development.





**NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.**

**Financial Statements**

**Fourteen Month Period Ended February 28, 2021**



**HARRIS RYAN**



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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Newfoundland & Labrador Oil & Gas Industries Association Inc.

### *Opinion*

We have audited the financial statements of Newfoundland & Labrador Oil & Gas Industries Association Inc. (the association), which comprise the statement of financial position as at February 28, 2021, and the statements of changes in net assets, revenues and expenditures and cash flows for the Fourteen month period then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the association as at February 28, 2021, and the results of its operations and cash flows for the period then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the association in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the association's financial reporting process.

(continues)



*Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



St. John's, Newfoundland and Labrador  
April 29, 2021

CHARTERED PROFESSIONAL ACCOUNTANTS

# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

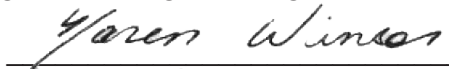
## Statement of Financial Position


February 28, 2021

	February 28 2021	December 31 2019
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 210,494	\$ 38,011
Term deposits	1,173,095	972,055
Accounts receivable (Note 3)	301,718	591,135
Prepaid expenses	62,179	246,818
	<b>1,747,486</b>	<b>1,848,019</b>
CAPITAL ASSETS (Note 4)	<b>29,130</b>	<b>47,021</b>
INTANGIBLE ASSETS (Note 5)	<b>56,002</b>	<b>107,047</b>
SCHOLARSHIP FUND INVESTMENTS (Note 6)	<b>21,774</b>	<b>12,038</b>
	<b>\$ 1,854,392</b>	<b>\$ 2,014,125</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable (Note 7)	\$ 132,486	\$ 204,130
Deferred revenue (Note 8)	770,229	713,207
	<b>902,715</b>	<b>917,337</b>
LONG TERM DEBT (Note 12)	<b>30,000</b>	<b>-</b>
	<b>932,715</b>	<b>917,337</b>
<b>NET ASSETS</b>		
Unrestricted fund	<b>899,903</b>	<b>1,084,750</b>
Scholarship fund (Note 6)	<b>21,774</b>	<b>12,038</b>
	<b>921,677</b>	<b>1,096,788</b>
	<b>\$ 1,854,392</b>	<b>\$ 2,014,125</b>

LEASE COMMITMENTS (Note 10)

ON BEHALF OF THE BOARD

 Director

 Director

See notes to financial statements



**NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.**

**Statement of Changes in Net Assets**

**Fourteen Month Period Ended February 28, 2021**

	Unrestricted Fund	Scholarship Fund	<i>February 28</i> <b>2021</b>	<i>December 31</i> 2019
<b>NET ASSETS - BEGINNING OF PERIOD</b>	\$ 1,084,750	\$ 12,038	<b>\$ 1,096,788</b>	\$ 1,018,226
DEFICIENCY OF REVENUES OVER EXPENSES	(174,847)	-	<b>(174,847)</b>	78,738
FAIR VALUE CHANGE	-	(264)	<b>(264)</b>	(176)
TRANSFERS	(10,000)	10,000	-	-
<b>NET ASSETS - END OF PERIOD</b>	<b>\$ 899,903</b>	<b>\$ 21,774</b>	<b>\$ 921,677</b>	<b>\$ 1,096,788</b>

**NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.**

**Statement of Revenues and Expenditures**

**Fourteen Month Period Ended February 28, 2021**

	<i>February 28</i> <b>2021</b>	<i>December 31</i> <b>2019</b>
<b>REVENUES</b>		
ACOA and PIHRC Projects ( <i>Schedule 1</i> )	\$ 690,961	\$ 652,877
Membership fees	568,553	517,121
Publications	113,696	165,747
Seminars and events	99,301	185,181
Amortization of deferred capital contributions	28,125	28,125
Interest income	11,040	20,767
Miscellaneous	6,984	10,584
Programs	-	25,909
Annual conference	-	1,024,150
	<b>1,518,660</b>	<b>2,630,461</b>
<b>EXPENSES</b>		
Administration ( <i>Schedule 2</i> )	1,107,100	1,203,910
ACOA and PIHRC Projects ( <i>Schedule 1</i> )	716,899	588,234
Amortization of intangible assets	51,045	28,125
Programs	38,335	165,675
Publications	34,327	62,811
Amortization of tangible assets	19,638	18,364
Seminars and events	9,855	99,427
Annual conference	4,927	385,177
	<b>1,982,126</b>	<b>2,551,723</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS</b>	<b>(463,466)</b>	<b>78,738</b>
<b>OTHER INCOME</b>		
Canada Emergency Wage Subsidy	255,870	-
Small Business Assistance Program	10,000	-
Canada Emergency Business Account ( <i>Note 12</i> )	10,000	-
Canada Emergency Rent Subsidy	12,749	-
	<b>288,619</b>	<b>-</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>\$ (174,847)</b>	<b>\$ 78,738</b>



# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

## Statement of Cash Flows

Fourteen Month Period Ended February 28, 2021

	February 28 2021	December 31 2019
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (174,847)	\$ 78,738
Items not affecting cash:		
Amortization of capital assets	19,638	18,364
Amortization of intangible assets	51,045	28,125
	(104,164)	125,227
Changes in non-cash working capital:		
Accounts receivable	289,417	(6,203)
Accounts payable	(71,645)	(82,452)
Deferred revenue	57,022	119,753
Prepaid expenses	184,639	(221,252)
	459,433	(190,154)
Cash flow from (used by) operating activities	355,269	(64,927)
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(1,746)	-
Purchase of intangible assets	-	(78,922)
Transfer to Scholarship fund	(10,000)	-
Cash flow used by investing activities	(11,746)	(78,922)
<b>FINANCING ACTIVITY</b>		
Proceeds from long term financing - net	30,000	-
<b>INCREASE (DECREASE) IN CASH FLOW</b>	373,523	(143,849)
Cash - beginning of period	1,010,066	1,153,915
<b>CASH - END OF PERIOD</b>	\$ 1,383,589	\$ 1,010,066
<b>CASH CONSISTS OF:</b>		
Cash	\$ 210,494	\$ 38,011
Term deposits	1,173,095	972,055
	\$ 1,383,589	\$ 1,010,066

See notes to financial statements

# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

## Notes to Financial Statements

Fourteen Month Period Ended February 28, 2021

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### 1. PURPOSE OF THE ASSOCIATION

Newfoundland & Labrador Oil & Gas Industries Association Inc. (the "Association" or "Noia") is incorporated provincially under the Corporations Act of Newfoundland and Labrador as an organization without share capital. Noia members share a common interest in the offshore / onshore oil and gas sector.

Noia's mission is to promote the responsible development of East Coast Canada's hydrocarbon resources and to facilitate its membership's participation in the global energy industry.

Noia is a non-profit organization under the Income Tax Act (Canada) and is not subject to income tax.

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### Revenue recognition

Noia follows the deferral method of accounting for contributions, which primarily include grants and certain government assistance amounts. Annual conference revenue is recognized as the services are provided. Membership fees are billed on an annual basis and are recognized as revenue over the twelve-month membership period. Restricted contributions that have been designated for special projects, such as capital expenditures, are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized. Unrestricted contributions are recognized as revenue when received or receivable. All other revenue is recognized when services are provided and collection is reasonably assured.

#### Cash equivalents

Cash and cash equivalents consist of cash on hand and balances with chartered banks, high interest savings accounts and term deposits.

#### Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

(continues)

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# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

## Notes to Financial Statements

Fourteen Month Period Ended February 28, 2021

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

#### Capital assets

Capital assets are stated at cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30% declining balance method
Furniture and fixtures	20% declining balance method
Leasehold improvements	4 years straight-line method

#### Intangible assets

The supplier capability database is being amortized on a declining balance method at a rate of 50%.

The website is being amortized on a declining balance method at a rate of 50%.

#### Leases

Leases are classified as operating leases. Rental payments under operating leases are expensed as incurred.

#### Contributed services

The fair value of contributed materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

#### Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 3. ACCOUNTS RECEIVABLE

	<i>February 28</i> <b>2021</b>	<i>December 31</i> <b>2019</b>
Atlantic Canada Opportunities Agency	\$ 17,149	\$ 211,354
Government of Newfoundland and Labrador	55,949	20,482
Accounts receivable - trade	228,620	359,299
	<b>\$ 301,718</b>	<b>\$ 591,135</b>

# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

## Notes to Financial Statements

### Fourteen Month Period Ended February 28, 2021

#### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	February 28 2021 Net book value	December 31 2019 Net book value
Computer equipment	\$ 119,499	\$ 112,488	\$ 7,011	\$ 10,760
Furniture and fixtures	43,113	37,723	5,390	5,011
Leasehold improvements	50,000	33,271	16,729	31,250
	<b>\$ 212,612</b>	<b>\$ 183,482</b>	<b>\$ 29,130</b>	<b>\$ 47,021</b>

#### 5. INTANGIBLE ASSETS

	February 28 2021	December 31 2019
Website development	\$ 78,922	\$ 78,922
Supplier capability database	150,000	150,000
	<b>228,922</b>	<b>228,922</b>
Accumulated amortization	(172,920)	(121,875)
	<b>\$ 56,002</b>	<b>\$ 107,047</b>

#### 6. SCHOLARSHIP FUND

In 1997, the Association announced the establishment of the "NOIA Hibernia Commemorative Scholarship Fund" ( the "Scholarship Fund"). The Association internally restricted net assets to fund the Scholarship Fund. During the year the association reallocated \$10,000 from the Unrestricted Fund to the Scholarship Fund and as at February 28, 2021, the Scholarship Fund had a balance of \$21,774 [2019 - \$12,038]. The Scholarship Fund offers an annual scholarship of \$1,000 to a graduating Newfoundland and Labrador high school student entering post-secondary studies with the intention of pursuing a petroleum-related career. The scholarship is presented to the applicant who best meets the academic and extra-curricular criteria. In 2021, one \$1,000 scholarship was awarded [2019 - one \$1,000 scholarship]. The Scholarship Fund is invested in non-callable Canadian denominated debentures, bearing an interest rate of 6.15% and maturing in 2028 with interest earned being reinvested. In 2021, the fair value of the debentures decreased by \$264 [2019 - \$176].

#### 7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	February 28 2021	December 31 2019
Accounts payable - trade	\$ 27,051	\$ 90,819
Accrued liabilities	79,283	111,004
HST collected	26,152	2,307
	<b>\$ 132,486</b>	<b>\$ 204,130</b>



# NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

## Notes to Financial Statements

### Fourteen Month Period Ended February 28, 2021

#### 8. DEFERRED REVENUE

	<i>February 28</i> <b>2021</b>	<i>December 31</i> <b>2019</b>
Membership fees	\$ 281,001	\$ 159,104
Annual conference	217,031	136,055
Seminars and events	75,000	125,000
Funded Projects	99,770	173,594
Labour Market Development Program (PIHRC)	97,427	91,329
Deferred capital contribution	-	28,125
	<b>\$ 770,229</b>	<b>\$ 713,207</b>

- a) During 2012, the Association received a \$150,000 grant relating to the development of a capability database. To date, the organization has incurred \$150,000 in costs relating to the database. The database became available for use in 2017 and this amount has been recorded as a deferred capital contribution and a corresponding intangible asset. The intangible asset and deferred capital contributions have been amortized to expenses and revenues, respectively, in the statement of revenues and expenditures and the statement of change in net assets.
- b) During 2021, the Association received \$121,000 [2019 and prior years - \$400,304] in contributions relating to the work for activities of the Petroleum Industry Human Resources Committee ("PIHRC"), for which the Association is the coordinating agency. In 2021 the Association incurred \$116,235 [2019 and prior years - \$311,477] in costs relating to the project. This amount has been recorded as an expense and corresponding revenue has been recorded. The remaining amount received in respect of this agreement, \$93,592, has been recorded in deferred revenue and will be realized when the associated expenses are incurred.
- c) The Association offers an Annual Sponsorship Program. Members are offered the opportunity to becoming an Annual Platinum Sponsor or an Annual Gold Sponsor. As at February 28, 2021 there were 14 sponsorships totaling \$80,000 deferred for the 2022 year. Annual sponsorship fees related to the current year have been allocated between the various revenue accounts on a pro-rata basis.
- d) The Association collects registration and booth fees for the following year's conference in the current year. As at February 28, 2021 the total amount collected relating to the fall 2021 conference was \$217,031 [2019 - \$136,055] and has been included in deferred revenue.
- e) The Association recognizes membership fees to income on a monthly basis. When a member is billed for its membership fee, the entire amount is deferred and 1/12 of the total amount is recognized to income each month. At February 28, 2021 the Association had \$281,001 [2019 - \$159,104] in deferred membership fees.

## NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.

### Notes to Financial Statements

#### Fourteen Month Period Ended February 28, 2021

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#### 9. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the association's risk exposure and concentration as of February 28, 2021.

##### **(a) Credit risk**

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from members. The association has a significant number of members which minimizes concentration of credit risk.

##### **(b) Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. As at February 28, 2021, the Association had cash and cash equivalents in the amount of \$1,383,589 (2019 - \$1,010,066). To the extent that the Association does not believe it has sufficient liquidity to meet current obligations, consideration will be given to obtaining additional funds through third-party funding or membership rate increases, assuming these could be obtained. All of the Association's financial liabilities are short-term in nature and are subject to normal trade terms.

##### **(c) Interest rate risk**

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The association has no debt and believes its interest rate risk is not significant.

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#### 10. LEASE COMMITMENTS

The association has a long term lease with respect to its premises. The lease contains renewal options and provides for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at February 28, 2021, are as follows:

2022	\$	90,379
2023		<u>30,063</u>
	\$	<u>120,442</u>

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#### 11. COMPARATIVE FIGURES

Certain of the comparative figures for the twelve month period ended December 31, 2019 have been reclassified to conform to the current period's presentation.

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#### 12. CANADA EMERGENCY BUSINESS ACCOUNT

On April 9, 2020 the Government of Canada launched the Canada Emergency Business Account. This loan was intended to support businesses by providing financing for their expenses that could not be avoided or deferred as they take steps to safely navigate a period of shutdown. The \$40,000 loan is interest free and repaying the balance of the loan on or before December 31, 2022 will result in loan forgiveness of 25%. The \$10,000 forgivable portion of the loan has been recognized as revenue in the current year.

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# **NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.**

## **Notes to Financial Statements**

### **Fourteen Month Period Ended February 28, 2021**

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#### **13. OTHER MATTERS**

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the association's operations as at the date of these financial statements.

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**NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.****Schedule of Revenues and Expenditures  
ACOA and PIHRC Projects****(Schedule 1)****Fourteen Month Period Ended February 28, 2021**

	<i>February 28</i> <b>2021</b>	<i>December 31</i> <b>2019</b>
<b>REVENUES</b>		
Atlantic Trade and Investment Growth Agreement	\$ -	\$ 6,408
Preparing for the Potential	<b>438,520</b>	171,399
Guyana Oil & Gas Export Opportunity	<b>46,067</b>	175,834
OTC	-	91,290
Conference	<b>87,393</b>	17,607
Labour Market Development Program (PIHRC)	<b>118,981</b>	190,339
	<b>690,961</b>	652,877
<b>EXPENSES</b>		
Atlantic Trade and Investment Growth Agreement	-	5,802
Preparing for the Potential	<b>425,015</b>	164,352
Guyana Oil & Gas Export Opportunity	<b>45,988</b>	140,461
OTC	-	63,804
Conference	<b>126,915</b>	23,476
Labour Market Development Program (PIHRC)	<b>118,981</b>	190,339
	<b>\$ 716,899</b>	<b>\$ 588,234</b>

**NEWFOUNDLAND & LABRADOR OIL & GAS INDUSTRIES ASSOCIATION INC.****Schedule of Administration Expenses****(Schedule 2)****Fourteen Month Period Ended February 28, 2021**

	<i>February 28</i> <b>2021</b>	<i>December 31</i> <b>2019</b>
<b>EXPENSES</b>		
Salaries and wages	\$ 839,530	\$ 779,031
Rental	103,050	85,382
Consulting fees	61,997	58,322
Professional fees	15,950	54,442
Office	22,441	52,402
Advertising and promotion	10,532	47,833
Travel	-	44,678
Training	3,849	34,196
Other	18,978	18,820
Interest and bank charges	16,675	16,709
Telephone	14,098	12,095
	<b>\$ 1,107,100</b>	<b>\$ 1,203,910</b>





**NEWFOUNDLAND & LABRADOR  
OIL & GAS INDUSTRIES ASSOCIATION**

Suite 606, Box 44  
215 Water Street  
St. John's, Newfoundland & Labrador, Canada  
A1C 6C9

**T.** 709-758-6610  
**F.** 709-758-6611  
**E.** [noia@noia.ca](mailto:noia@noia.ca)

**[www.noia.ca](http://www.noia.ca)**

