

Letter to Party Leaders

The Newfoundland and Labrador Oil and Gas Industries Association (Noia) was founded in 1977 to represent the supply and service sector of the Newfoundland and Labrador offshore oil and gas industry. Today Noia represents approximately 460 member organizations worldwide involved in that industry. 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, fabricators, and human resource agencies.

The global oil and gas industry has faced tremendous challenges resulting from the collapse of oil prices and COVID-19. The Newfoundland and Labrador offshore oil and gas industry is no different with thousands of people losing their jobs, projects being cancelled or postponed, and a weakened investment climate. While optimism for the future of the industry remains strong, the recovery period may be long and tumultuous and negatively impact hard working Canadians involved in the sector.

During the 2021 federal general election, Noia is asking party leaders how they will support the offshore oil and gas industry should they form the next government. Specifically, Noia is asking how a government you lead will ensure the supply and service sector of Newfoundland and Labrador benefits from the tremendous resources offshore and how you, as prime minister, will enable our industry to reach its full potential.

We ask that you please provide your answers to our questions below before September 7, 2021. All responses will be shared with Noia members through our website, Daily Barrel e-newsletter, and social media platforms.

The Atlantic Accord

The Atlantic Accord is a foundational document for the Newfoundland and Labrador offshore oil and gas industry and has provided significant benefits to our supply and service sector. The Atlantic Accord has allowed the Newfoundland and Labrador offshore oil and gas industry to become an international leader in harsh environment development and has ensured Newfoundland and Labrador companies have been able to participate in the offshore industry.

The Atlantic Accord recognizes the province's right to jointly manage and receive benefits from offshore resources as if they are located "on land, within the province" and also ensures Newfoundland and Labrador to be the "principal beneficiary" of the offshore. Further, Section 51 requires that Newfoundland and Labrador companies have "full and fair opportunity" to participate in the offshore supply and service industry.

How will your government ensure that the principle of joint management of the offshore, as legislated in the Atlantic Accord, is not only upheld, but strengthened?

As our industry continues to grow and become more globally attractive, how will your government ensure the legislative rights, such as "full and fair opportunity" and "principal beneficiary," within the Atlantic Accord are upheld and strengthened?

What specific actions will your government undertake to support the supply and service sector and ensure their “full and fair opportunity” to participate in the sector?

Currently, allocation of exploration licences is determined by awarding offshore parcels to the highest bidder.

- **Would your party support a revised process where the criteria for the allocation of offshore parcels includes information provided by the bidder on local benefits (such as commitments for work to take place within the province and country, as well as specified employment levels)?**
- **Would your government also consider making diversity and inclusion philosophies and approaches, as well as the environmental and safety record of the bidder, part of the bid package?**

Net Zero Targets

Both the Government of Canada and the Government of Newfoundland and Labrador have 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 such as the Newfoundland and Labrador Environmental Industries Association (NEIA) to develop an approach to help the provincial and federal governments achieve their objectives. Noia member companies have also been working diligently developing and implementing new technologies that will lower carbon emissions and help Canada meet its international obligations.

The oil produced offshore Newfoundland and Labrador is 30% below the global average for carbon emissions at extraction which makes the product attractive to investors. That oil also helps meet global demand via a product that produces far less emissions than jurisdictions currently supplying most of the world’s required oil.

The recent report of the Premier’s Economic Recovery Team also recognized the value of the province’s offshore oil and gas industry to continue to make a significant financial contribution to all levels of government and the living standards of residents. The report also stated that financial benefits from the industry should be used to establish a Future Fund to support government spending requirements and to support an energy evolution. For these reasons, the report stated the offshore resources of Newfoundland and Labrador should not be left stranded.

As 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 country achieve its net zero carbon emissions objective, all while ensuring our valuable offshore resources are not stranded?

Industry Recovery

As noted above, the Newfoundland and Labrador offshore oil and gas industry has faced tremendous challenges since March 2020. Much uncertainty remains with respect to projects that

were suspended, as well as exploration and development projects that were expected to be operational at this time, or in the coming months.

What action will your government take to attract investment to the Canadian offshore oil and gas industry?

To help restart delayed exploration and development projects and to encourage new investors into the Newfoundland and Labrador offshore oil and gas industry, will your government support implementation of and eligibility for programs such as the former Petroleum Incentive Program and the Atlantic Investment Tax Credit?

Will your government support the industry and the Government of Newfoundland and Labrador in internationally marketing the Newfoundland and Labrador offshore oil and gas industry as a place for investors to grow their portfolios and support a lower carbon energy product?

What measures would your government implement to support the development and growth of the local offshore oil and gas supply chain?

Internationally Competitive Regulatory Regime

Investment dollars are scarce in the current economic climate, including investments by those international companies who previously may have been looking to Canada as a place to conduct business. Local Noia members have spoken to countless investors who find the regulatory regime cumbersome, confusing, and closed to international investment. Investors are looking to other jurisdictions who have streamlined their processes and welcome investment in many areas, including energy projects. Attracting investment does not mean loosening environmental and safety rigour, but ensuring regulations are equal to international best practices. While the approval of a regional assessment for parts of offshore Newfoundland and Labrador was a positive step, we have yet to see this process in practice and we must continue to find ways to be globally competitive in our regulatory regimes.

To reach its tremendous potential, how will your government ensure globally competitive legislative and regulatory processes for the Canadian offshore oil and gas industry?

Will your government undertake a review of international best practices in attracting investment and providing a competitive regulatory regime?

Will your government implement a strategy developed in collaboration with the industry and the provincial government to make the Newfoundland and Labrador offshore an international leader in attracting investment, one that provides timely reviews of proposed exploration and development projects without compromising the health and safety of those who work offshore and the important ecosystems and habitats in which they operate?

I would like to thank you for your consideration in answering these important questions for Noia members. As demonstrated by numerous recent reports, such as the Premier's Economic Recovery

Team, and commentary from leading financial institutions, the Newfoundland and Labrador offshore oil and gas industry has a prominent role to play in the future success of the province and country. As we partake in the energy evolution and use the financial resources and skills expertise accumulated from the offshore oil and gas industry to move forward that process, support for the offshore is more critical than ever. The long-term success of Newfoundland and Labrador, and indeed Canada, depends upon it.

Should you wish to discuss the Newfoundland and Labrador offshore oil and gas industry more in-depth, please do not hesitate to contact me at 758-6610 or cjohnson@noia.ca.

Sincerely,

Charlene Johnson
CEO