

BSEE Permits, Approvals, and Process Alternatives Canada Newfoundland and Labrador

1. Overview of Offshore Oil and Gas Regulation in Canada Newfoundland and Labrador

The Canada Newfoundland Labrador Offshore Petroleum Board (C-NLOPB) was established in 1986 pursuant to the Canada Federal and Atlantic Accord NFLD and the NFLD Accord Act (Accord Acts) for the purposes of regulating the oil and gas industry offshore Newfoundland and Labrador. C-NLOPB has four regulatory mandates: Safety, Environmental Protection, Resource Management and Industrial Benefits. The Board regulates exploration licences, significant discovery licences, and production licenses covering an area of 7,365,000 hectares. The Board is comprised of seven persons; three appointed by the Federal Government, three appointed by the Provincial Government, and a Chair and CEO that is appointed jointly by the two governments.

The legislative framework for safety and governance is established under:

- *NFLD Atlantic Accord Act*
- *Newfoundland Offshore Petroleum Drilling and Production Regulations SOR/2009-316*
- *Petroleum Occupational Safety and Health Regulations - Newfoundland*

1.1. Alternatives to BSEE Permits, Approvals, and Processes

1.1.1. Plan-based Approach/Health, Safety, and Environmental Management Plans

C-NLOPB operates with a similar structure to that of BSEE, in that permits for petroleum-related activities are required and safety plans are required. The C-NLOPB alternative is the level of rigor required in the applicant submittals; applications require that health, safety, and environmental management be addressed in a plan (or plans) and must include quality assurance.

1.1.2. Third-Party Audit Program

The C-NLOPB program uses third party auditors, in conjunction with EMS audits.

A comparison of the C-NLOPB programs analogous to those in the BSEE Scope for this project is presented in Table 1.

1.2. Points for Further Research

1.2.1. If the incorporation of health, safety, and the environment in a management plan is pursued, further research would be conducted to assess the viability of BSEE applying this alternative. The focus of this research would include more detailed investigation of the Canada Newfoundland Labrador Program to determine whether this type of management plan provides rigor of addressing higher quality assurance and potentially reduce administrative burden.

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1.2.2. Third-Party Audit Program

If use of third party auditing is pursued as an alternative approach, further research would be conducted to assess the viability of applying third-party audit programs to BSEE's permit compliance-determination activities.

BSEE needs to be aware that as part of the verification of the EMS, the C-NLOPB program uses third party auditing to support compliance assurance. To our knowledge, BSEE does not use third parties as primary auditors.

1.3. Implications for BSEE

1.3.1. Plan-based Approach/Health, Safety, and Environmental Management Plans

Efficiency

This approach could potentially result in improved efficiency. In particular, it would potentially (1) allow for self-enforcement of certain practices, (2) allow the use of third party assistance in evaluating/auditing the management plan (MP), and (3) align BSEE practices with ISO 14001 and other ISO standards in use globally.

Effectiveness

BSEE has always relied on regulations to enforce safety standards and permitting obligations. If BSEE decided to do so, moving to a less-regulated and more plan-focused approach would require a more detailed assessment of other program elements necessary to make the shift and the prevalence of these elements in existence today.

Suitability for Purpose

BSEE is limited by internal staffing resources. If BSEE decided to implement a program that either allows or requires third party auditing and evaluation, that could free BSEE resources to focus on auditing critical elements more frequently and at a greater level of effort while auditing delegated elements periodically on a programmatic basis rather than element-by-element.

Implementation

BSEE staff training in the application of ISO principles as well as the development of guidance documents with and for stakeholders would likely be necessary if the Agency decided to adopt a MP approach. BSEE would also need to demonstrate to stakeholders that the MP adequately ensures improved safety and environmental performance over the current BSEE permit program. This approach would require identifying critical elements that BSEE would continue to control and monitor by permit application and which could be more appropriately managed under the MP.

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1.3.2. Third-Party Audit Program

Efficiency

This approach could potentially contribute to improvement in BSEE's efficiency in determining applicant compliance with permit conditions. Adopting a program that incorporates third party participation would free staff resources to focus on more critical elements.

Effectiveness

This approach could potentially improve effectiveness on the part of both BSEE and the applicants. BSEE could achieve improved effectiveness in assessing applicant compliance with permit conditions through application of a third-party audit approach. The implementation of a Third Party Audit Program would likely require pairing with other elemental changes to the BSEE Program that would include safety and risk program elements.

Suitability for Purpose

This approach could potentially contribute to improvement in safety and environmental performance. In combination with another elemental change, such as the inclusion of safety and risk programs, a Third Party Audit Program would provide manpower and expertise to assist BSEE in administering their program and providing conformance assurance. Implementing a program that requires third party auditing and evaluation could free BSEE resources to focus on auditing critical elements more frequently and at a greater level of effort while auditing delegated elements periodically on a programmatic basis rather than element-by-element.

Implementation

Precedent exists for implementing a Third Party Audit Program in the existing EMS/ISO 14001 program and would be transferrable, should BSEE decide to implement one.

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Table 1. Comparison of the Canada Newfoundland Labrador Offshore Oil and Gas Program to BSEE Permits and Plan Requirements Covered in the Scope of this Analysis

Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does C-NLOPB Regulation Compare to BSEE Scope?
Admin	Royalty Relief application	Operators may apply for royalty relief for leases or projects that meet criteria specified in 30 CFR 203	Optional	Similar. C-NLOPB regulations include ability to negotiate royalties, which could include relief.
Admin	Compensation Royalty Determination Request	Operators may either: (1) Drill and produce the wells that the Regional Supervisor determines are necessary to protect the Federal government from loss due to production on other leases or units or from adjacent lands under the jurisdiction of other entities (e.g., State and foreign governments); or (2) Pay a sum that the Regional Supervisor determines as adequate to compensate the Federal government for your failure to drill and produce any well.	Optional	Similar. C-NLOPB regulations include ability to negotiate royalties, which could include relief.
Explor	Application for Permit to Drill (APD)	Lessees, operating rights owners, operators, and their contractors and subcontractors	Before drilling any well or before sidetracking, bypassing, or deepening a well	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Explor	Application for Permit to Modify (APM)	Lessees, operating rights owners, operators, and their contractors and subcontractors	An APM is required for operators that: <ul style="list-style-type: none"> • intend to revise a drilling plan, change major drilling equipment, or plugback; • determine a well's final surface location, water depth, and the rotary kelly bushing elevation; or • move a drilling unit from a wellbore before completing a well. 	Similar. C-NLOPB Program appears to have more safety and management plan requirements.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does C-NLOPB Regulation Compare to BSEE Scope?
Devel	Deep Water Operations Plan (DWOP)	Required for operators with: <ul style="list-style-type: none"> • deepwater development projects; or • any development projects which will use non-conventional production or completion technology, regardless of water depth. 	The DWOP consists of two parts: a Conceptual Plan and the DWOP: <ul style="list-style-type: none"> • The Conceptual Plan is required before completing any production well or installing the subsea wellhead and well safety control system. • The DWOP is required before production. 	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Leasing	Lease Suspension Request	Operators may request a suspension, which will either take the form of Suspensions of Operations (SOO) or Suspensions of Production (SOP).	Before the end of the lease term (i.e., end of primary term, end of the 180-day period following the last leaseholding operation, and end of a current suspension)	Similar. C-NLOPB regulations include provisions to change lease terms.
Leasing	Competitive Reservoir Determination Request	Optional request for preliminary determination by the Regional Supervisor as to whether a reservoir is competitive		Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Leasing	Voluntary Unitization Proposal or Unit Expansion	Optional request for voluntary unitization or expansion of a previously approved voluntary unit to include additional acres		Similar. C-NLOPB regulations include provision to change area covered by license.
Prod	Temporary Storage Request	Operators must obtain approval of the method of disposal of drill cuttings, sand, and other well solids		Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Prod	Surface Commingling Application		Before commencing the commingling of production or making any changes to previously approved commingling procedures	Similar. C-NLOPB Program appears to have more safety and management plan requirements.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does C-NLOPB Regulation Compare to BSEE Scope?
Prod	Production Approvals (Special Cases)		The following production activities require approval: <ul style="list-style-type: none"> • production within 500 feet of a unit or lease line; • production of gas-cap gas from an oil reservoir with an associated gas cap; • downhole commingling hydrocarbons; • flaring and venting gas; and • enhanced oil and gas recovery operations. 	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Prod	Facility Safety System Application (i.e. Production Safety System Application)	Required for surface production-safety systems	Prior to installation	Similar. C-NLOPB requires Safety Planning.
Platform	Platform Approval Program Application		Before the following circumstances: <ul style="list-style-type: none"> • installation of a platform; • major modification to any platform; • major repair of damage to any platform; • converting an existing platform at the current location for a new purpose; and • converting an existing mobile offshore drilling unit (MODU) for a new purpose. 	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Platform	Platform Verification Program Plans/Documentation	The following kinds of platforms are subject to the Platform Verification Program: • floating platforms; • platforms of a new or unique design; • platforms in seismic areas; and • platforms located in deepwater or frontier areas.	For any platform subject to the Platform Verification Program, the following are also subject to the program: the conversion of that platform at that same site for a new purpose, or making a major modification of, or major repair to, that platform.	Similar. C-NLOPB requires Safety Planning.

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does C-NLOPB Regulation Compare to BSEE Scope?
Pipeline	Pipeline Application		Before: <ul style="list-style-type: none"> • Installation, modification, or abandonment of a lease term pipeline; • Installation or modification of a right-of-way (other than lease term) pipeline; or • Modification or relinquishment of a pipeline right-of way. (250.1000) 	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Pipeline	Right-of-way (ROW) Assignment	Application for approval of an assignment of a ROW or of a lineal segment thereof		Similar. C-NLOPB regulations include provisions to change terms of licence agreement
Pipeline	Pipeline Repair Application/Plan	Lessees or ROW holders must notify BSEE about repairs of pipelines or pipeline components and submit a detailed report after the completion of repairs	Before the repair of any pipeline or as soon as practicable. Report must be submitted within 30 days after completion of the repairs.	Similar. C-NLOPB Program appears to have more safety and management plan requirements
Pipeline	Pipeline Right-Of-Way Grant Application		Before installation of a right-of-way pipeline (250.1000, 250.1009)	Similar. C-NLOPB regulations cover pipelines

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Type	BSEE Permit/Plan Requirement	What is it? Who is required to have it?	When is it required?	How does C-NLOPB Regulation Compare to BSEE Scope?
Spill	Oil Spill Response Plan (OSRP)	<ul style="list-style-type: none"> Describes plans for responding to an oil spill, as well as training, equipment testing, and periodic drills Required for owners or operators of: <ul style="list-style-type: none"> oil handling, storage, or transportation facilities located seaward of the coast line; abandoned facilities until they are physically removed or dismantled, or the Regional Supervisor provides notification that the plan is no longer required; or offshore pipelines carrying oil, condensate that has been injected into the pipeline, or gas and naturally occurring condensate (not required for operators with essentially dry gas). 	Before operating a facility (or while BSEE reviews the plan, if there are appropriate certifications)	Similar. C-NLOPB requires Safety Planning.
Decommissioning	Site Clearance Waiver	For well sites, platforms, and other facility sites, operators must submit an APM to BSEE with specified information about site clearance	30 days after the completion of verification activities	Similar. C-NLOPB Program appears to have more safety and management plan requirements.
Decommissioning	Structure Removal Application	For leases and pipeline ROWs in the Pacific OCS Region and Alaska OCS Region, operators must submit an initial platform removal application		Similar. C-NLOPB Program appears to have more safety and management plan requirements.

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References:

http://www.cnlopb.ca/leg_regulations.shtml

- <http://laws-lois.justice.gc.ca/eng/acts/c-7.8/FullText.html>