



File OF-EP-Gen-AODR 01
20 September 2010

PUBLIC REVIEW OF ARCTIC SAFETY AND ENVIRONMENTAL OFFSHORE DRILLING REQUIREMENTS - SCOPE OF THE REVIEW AND HOW IT WILL BE CONDUCTED

On 11 May 2010 the National Energy Board (Board) announced that it would conduct a review of Arctic safety and environmental offshore drilling requirements (the Arctic Review). The Arctic Review will examine the best available information concerning the hazards, risks and mitigation measures associated with offshore drilling activities in the Canadian Arctic and measures to both prevent and respond to accidents and malfunctions.

On 10 June 2010, the Board released, for comment, a preliminary scope and invited registrations from those interested in participating in the review. The Board received more than 110 registrations, 60 of which contained comments.

Scope of the Review

The Board thanks those who provided comments. The Board considered the comments received and has expanded the wording within the scope to provide added clarity. The revised scope is attached as Appendix A.

Many of the comments received were contemplated within the preliminary scope, such as the long term effects of an incident, occupational safety hazards and technical drilling requirements.

A number of comments were related to matters that are outside the jurisdiction of the Board. These include policy and legislative requirements in the *Canada Oil and Gas Operations Act* and the *Canada Petroleum Resources Act*, drilling moratoria, exploration licences and Canada's ability to respond to international spills.

Many comments were related to Canada's regime for financial liability and responsibility for oil and gas activities. To facilitate understanding of this regime and the Board's role, the Board has prepared *Background - Financial Responsibility and Liability* (Appendix B). During the review, the Board will look at all costs and financing of spill clean-up, restoration and compensation for loss or damage.

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Information received that is not related to the implementation of the Board's mandate will be identified and placed on the NEB website under the Arctic Review. This information will be publicly available and accessible to all those with responsibilities or an interest related to these matters.

How the Review Will Be Conducted

The review will be conducted in three phases:

Phase 1 – Fact Finding/Information Gathering

Phase 2 – Examination and Consideration of Facts and Information Gathered

Phase 3 – Public Report

All information submitted during the course of this review will be posted and made available on the Board's website (www.neb-one.gc.ca).

Phase 1 – Fact Finding/Information Gathering

The purpose of this phase is to build knowledge, including a record of the best available information.

The information will be gathered in a variety of ways, including:

- Commencing September 2010 - the Board invites participants to make submissions to build a record of best available information with respect to the matters set out in the scope. Submissions will be accepted by the Board throughout Phases 1 and 2 of the review. The Board would encourage initial submissions on the matters set out in the scope to be made during Phase 1.

To facilitate the posting of submissions to the website, attached as Appendix C, is a cover page template for submissions.

- September of 2010 – In addition to submissions participants choose to make throughout Phases 1 and 2, the Board will issue a Call for Information, posing questions in the areas of drilling safely while protecting the environment, responding effectively when things go wrong and understanding how learnings are incorporated in future practices.
- The Board will issue further Calls for Information as the review proceeds.
- During the fall of 2010 - the Board will release a backgrounder on how it regulates offshore drilling activities. A copy of this backgrounder will be provided to registered participants and will be made available on the Board's website.

- Beginning in the fall of 2010 - the Board intends to meet with Aboriginal groups, Northern communities and Northern governments to gain an understanding of their perspectives with respect to offshore drilling activities.
- The recommendations of the U.S. Government's National Commission on the BP Deepwater Horizon Oil Spill and Offshore Drilling will be important considerations in completing the Arctic Review. These recommendations are expected to be released by the end of 2010. The gathering of information will not be completed until after these recommendations are made available and participants have had a reasonable time to consider the National Commission's recommendations.
- Results of other reviews underway with respect to offshore drilling in other jurisdictions, both domestic and international, will be made available on the Board's website as they are released. A listing of these reviews is set out in Appendix D.

Phase 2 - Examination and Consideration of Facts and Information Gathered

Phase 2 of the review will provide an opportunity for participants to examine and comment on the information collected, pose questions and put forward their views.

The Board is planning a combination of means to facilitate participation. Details will be provided at a later date.

Phase 3 – Public Report

Once Phase 2 has been completed, the Board will consider the information gathered, the comments and suggestions provided and report on what it has heard and how that information will be incorporated in the examination, by the Board, of future applications for offshore drilling in the Arctic.

General Matters

Updates and further information on the Arctic Review will be posted on the Board's website at www.neb-one.gc.ca and will be sent to participants who have registered with the Board. For those who wish to participate in the review and have not yet registered, you can register on the Board's website or by providing contact information, including name, affiliation (if any) with an organization, mailing address, e-mail address, fax numbers and phone numbers to:

Anne-Marie Erickson
Secretary of the Board
National Energy Board
444 Seventh Avenue S.W.
Calgary, AB T2P 0X8
Facsimile 403-292-5503
Toll Free Facsimile 1-877-288-8803
(please quote file **OF-EP-Gen-AODR 01**)

For further information, please call the Board's Regulatory Officers Danielle Comte at 403-299-2731 or Erin Dutcher at 403-299-2782. You may also call toll free at 1-800-899-1265.

Yours truly,

A handwritten signature in black ink that reads "AnneMarie Erickson". The signature is written in a cursive, flowing style.

Anne-Marie Erickson
Secretary of the Board

Attachments