

MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE NATIONAL ENERGY BOARD (NEB), THE CANADA-NEWFOUNDLAND AND LABRADOR OFFSHORE PETROLEUM BOARD (C-NLOPB), AND THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD (CNSOPB)

(HEREINAFTER REFERRED TO COLLECTIVELY AS THE “PARTICIPANTS”)

WHEREAS, pursuant to the *National Energy Board Act*, the *Canada Oil and Gas Operations Act*, and the *Canada Petroleum Resources Act*, the NEB regulates aspects of the energy industry in Canada including the construction and operation of interprovincial and international pipelines; pipeline traffic, tolls and tariffs; the construction and operation of international and designated interprovincial power lines; the export and import of natural gas; the export of oil and electricity; and the exploration and drilling for, and the production, conservation, processing and transportation of petroleum in the non-Accord Frontier¹ offshore areas;

WHEREAS, pursuant to the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act* and the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, the C-NLOPB provides oversight of operator activities in the Canada-Newfoundland and Labrador Offshore Area, particularly operator compliance with statutory provisions in the areas of worker safety; environmental protection and safety; effective management of land tenure; maximum hydrocarbon recovery and value; and Canada-Newfoundland and Labrador benefits;

WHEREAS, pursuant to the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act*, the CNSOPB provides oversight of operator activities in the Canada-Nova Scotia Offshore Area, particularly operator compliance with the statutory provisions in the areas of worker safety; environmental protection and safety; effective management of land tenure; maximum hydrocarbon recovery and value; and Canada-Nova Scotia benefits;

WHEREAS, the NEB, C-NLOPB and CNSOPB regulate oil and gas exploration, drilling and production and transportation activities in offshore areas and therefore have mutual interests with respect to safety, security, environmental protection, and resource conservation;

AND WHEREAS the Participants came together to develop a MOU to coordinate and promote effective cooperation in areas of mutual interest and benefit, and, through the sharing of information and resources, to support the Participants in promoting safety, security,

¹ The NEB has regulatory responsibilities for oil and gas exploration and activities in frontier lands not otherwise regulated under joint federal/provincial accords.

environmental protection, and resource conservation in their respective areas of regulatory jurisdiction.

FOR THE PURPOSES OF THIS MOU, THE PARTICIPANTS CONCUR AS FOLLOWS:

1. Purpose

The purpose of this MOU is to enhance the cooperation and coordination of activities between the Participants related to safety, security, the environment, and resource conservation, including activities respecting regulatory matters, the sharing of resources, and emergency management.

2. Areas of Cooperation and Coordination of Activities

2.1. Regulatory Matters

- 2.1.1. The Participants will cooperate through ongoing information exchanges on their respective regulatory: requirements, guidelines, best practices, development, oversight and processes, and will seek joint initiatives where beneficial.
- 2.1.2. Activities to be coordinated under this MOU may also include any other activity that is of mutual benefit and interest to the Participants, including participation in regulatory forums and committees.
- 2.1.3. The Participants will jointly coordinate and manage Canada's unified membership in the International Regulators' Forum in accordance with Appendix A to this MOU.

2.2. Resource Sharing and Cost Recovery

- 2.2.1 Cooperation under this agreement may include the sharing of both technical and staff resources and information, where capacity exists.
- 2.2.2 Cooperation may also include requests by a Participant for resources from another Participant, to carry out specific activities on a cost-recovery basis.
- 2.2.3 Where a Participant requests the services of technical staff from another Participant for support on a specific activity that is not within the scope of general cooperation and activities contemplated in this subsection, the respective Participants may jointly develop a cost-recovery mechanism and fee schedule.
- 2.2.4 Where a Participant requests services from another Participant that are subject to cost recovery, the respective Participants will jointly develop an agreement setting out the terms and conditions of the services to be provided including service

standards, calculation of payments, invoice procedures, indemnity provisions, and settlement of disagreements processes.

2.3 Emergency Management

2.3.1 The Participants will coordinate activities by participating in and sharing information on emergency management planning, exercises and response, joint training initiatives, staff exchanges, and meetings.

2.3.2 The Participants concur that in an emergency response situation, they may call upon one another to provide support in the form of staff and technical resources. The Participants will use their best efforts to provide the requested resources.

3. General

3.1. The Participants will endeavor to maintain regular communication by phone or email, and to meet at least once annually, for the purposes of identifying potential future opportunities for information sharing, cooperation and coordination as well as training and exercise opportunities.

3.2. The Participants intend to encourage staff within their respective organization to informally exchange information, as appropriate, within their specific areas of responsibility, on an ongoing basis.

3.3. The Participants intend to jointly determine, in writing, activities to be carried out under this MOU before their realization, and to jointly review and coordinate these activities. The Participants will set out, as appropriate in the circumstances, the specific parameters applicable to any such activity.

4. Administration of this MOU:

4.1. The following are the titles of each designate and their contact information for the purposes of carrying out this MOU:

FOR THE NEB

Jim Fox
Vice President, Strategy & Analysis
517 10th Avenue SW
Calgary, AB
T2R 0A8
(403) 292-4800

FOR THE C-NLOPB

Scott Tessier
Chair and Chief Executive Officer
5th Floor, TD Place
140 Water Street
St. John's, NL
A1C 6H6
(709) 778-1400

FOR THE CNSOPB
Stuart Pinks, P. Eng.
Chief Executive Officer
1791 Barrington Street
8th Floor TD Center
Halifax, NS
B3J 3K9
(902) 422-5588

5. Disclosure and Use of Information

- 5.1. The Participants will collect, use, retain, publish and disclose the information exchanged between themselves under this MOU in accordance with all applicable laws and standards.
- 5.2. The Participants will not disclose to a third-party any information exchanged in confidence between them without the express written authorization of the originating Participant or as otherwise required by law.

6. Disclaimers

- 6.1. This MOU is not legally binding and does not impose, nor is it intended to impose, any legal commitments on, or give rise to any legal rights not otherwise held by, the Participants.
- 6.2. Each Participant is to pay for its own costs related to the activities under this MOU, subject to the availability of its staff and financial resources and any request for services made under subsection 2.2.

7. Withdrawal and Termination

- 7.1. A Participant may withdraw from this arrangement at any time, by providing at least sixty (60) days' written notice to the other Participants.
- 7.2. This MOU may be terminated at any time, with the mutual written consent of the Participants.

8. Amendment and Monitoring

- 8.1. The Participants may jointly modify this MOU at any time with the written approval of all of the Participants. Any amendment to the MOU becomes effective upon the date of the last Participant's signature, unless otherwise indicated.
- 8.2. The amendment of any appendix made under this MOU will be determined in writing in that appendix.

8.3. Each Participant will notify the other Participants of any change to its enabling legislation, related regulations or policies that may impact this MOU as soon as practicable after having discovered the change.

9. Effective Date and Signature

9.1. This MOU will commence and take effect upon the date of the last Participant's signature. The effective date of any appendix to this MOU takes effect at the date specified in that appendix.

9.2. This MOU may be signed in one or more counterparts, each of which is deemed an original, and all of which together constitute the same arrangement.

10. Settlement of Disagreements

The Participants will make all reasonable attempts to resolve any dispute arising from or regarding the interpretation or administration of this MOU through consultation among the Participants' designates identified in section 4.

11. Languages

This arrangement is written in English and in French, each text being equally valid.

FOR THE NEB



Peter Watson
Chair and Chief Executive Officer

Date: Feb. 2, 2015

FOR THE C-NLOPB



Scott Tessier
Chair and Chief Executive Officer

Date: February 2, 2015

FOR THE CNSOPB



Stuart Pinks
Chief Executive Officer

Date: January 29, 2015

Appendix A

Canada's Unified Membership in the International Regulators' Forum (IRF)

Background

The IRF is the international forum of offshore petroleum health & safety regulators whose members are dedicated to the common cause of raising offshore health and safety standards. The scope of this interest extends beyond the normal operations on-board offshore installations and associated facilities to include the response by installation crews to non-routine / emergency situations in order to protect people and the environment.

At its 2013 annual meeting held in Perth, Australia, the IRF accepted a proposal that Canada's three offshore petroleum regulatory Boards – Canada-Newfoundland and Labrador Offshore Petroleum Board, Canada-Nova Scotia Offshore Petroleum Board, and the National Energy Board (together, the "Boards") – be recognized as IRF members under a unified Canadian membership.

Managing Canada's Unified Membership

(i) Selection and Role of the Senior Representatives

Each Board will nominate and maintain a senior representative who will oversee their respective Board's participation in, and contributions to, the IRF.

The senior representative at each Board will be responsible for ensuring that the obligations and responsibilities of each IRF member under the IRF Charter are fulfilled. The IRF Charter can be found on the IRF website at the following address:

<http://irffshoresafety.com/>

(ii) Selection and Role of Canada's Senior Spokesperson

The Boards collectively will select, from time to time, one of the three senior representatives to act as the senior spokesperson for Canada's unified membership in the IRF in accordance with Article VII, section 3, of the IRF Charter.

The senior spokesperson will be responsible for providing a single unified response to matters addressed to IRF members by the IRF Management Committee for the purposes of decision making as set forth in Article IV, Section 3 of the IRF Charter.

This individual will also act as Canada's senior spokesperson at IRF meetings, in accordance with section (iii) below. The senior spokesperson will consult with, and solicit input from, the other senior representatives in providing such a unified response.

The senior spokesperson would also be Canada's representative on the IRF Management Committee, should such an opportunity present itself.

(iii) Attendance at IRF Annual Meetings

According to Article VII, subsection 3(a) of the IRF Charter, IRF members are expected to attend the IRF annual meeting with delegations of no more than 2 persons (with the exception of the host member who is not restricted in terms of the number of delegates who may attend). Should special circumstances dictate, delegations may include additional observers.

In advance of IRF annual meetings, the Participants will jointly select up to two senior representatives to act as Canada's delegates, one of whom is the senior spokesperson, and will nominate the remaining senior representative (or alternate) as an additional observer. The names of these individuals will be communicated in advance of the meeting to the IRF Management Committee and to IRF members at large.

Each Participant may also select up to one additional observer each to attend the meeting with its senior representative selected for the meeting. The names of these additional observers will also be communicated in advance of the meeting to the IRF Management Committee and to IRF members at large.

(iv) General

This Appendix will commence and take effect upon the date of the last Participant's signature of the MOU.

The Participants will jointly review the Appendix each time the IRF Charter is amended and modify it as required with the written consent of all Participants.