



Natural Resources  
Canada

Ressources naturelles  
Canada

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Our file: A-2020-00432 /TR

March 8, 2021

Mr. Shawn-Patrick Stensil  
33 Cecil St.  
Toronto, ON M5T 1N1

Dear Mr. Stensil:

**RE: Access to Information Act request**

This is in response to your above-referenced request under the *Access to Information Act*, received on December 23, 2020, which reads as follows:

**“Docket 188368: Meeting between Minister of Natural Resources and Senior Energy Executives to Discuss the Newfoundland and Labrador Offshore.”**

Please find enclosed the information you requested that is accessible under the *Access to Information Act*. You will notice that certain information has been withheld from disclosure in accordance with the exemptions described in paragraphs 20(1)(b) and 21(1)(b) of the Act. We have enclosed the texts of these sections of the Act for your information.

Please be advised that you are entitled to complain to the Information Commissioner concerning the processing of your request within 60 days after the day that you become aware that grounds for a complaint exist. In the event you decide to avail yourself of this right, your notice of complaint should be addressed to:

The Information Commissioner of Canada  
30 Victoria Street  
Gatineau, Quebec K1A 1H3  
Telephone: (613) 995-2410 (National Capital Region)  
1-800-267-0441 (Toll-free)

Should you have any questions regarding this response, please do not hesitate to contact Tara Rapley at 343-543-6434 or by e-mail at [tara.rapley@canada.ca](mailto:tara.rapley@canada.ca).

Sincerely yours,

A handwritten signature in black ink, appearing to read "Ami Najm".

for Ami Najm  
Director  
Access to Information and Privacy

Enclosures: Pages 1 to 14

*Access to Information Act*

**Exemptions and Exclusions**

**20(1)(b) FINANCIAL, COMMERCIAL, SCIENTIFIC OR TECHNICAL INFORMATION GIVEN IN CONFIDENCE TO THE GOVERNMENT AND TREATED IN A CONSISTENTLY IN A CONFIDENTIAL MANNER BY THE THIRD PARTY**

**(b) financial, commercial, scientific or technical information that is confidential information supplied to a government institution by a third party and is treated consistently in a confidential manner by the third party;**

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**21(1)(b) CONSULTATIONS OR DELIBERATIONS**

**(b) an account of consultations or deliberations involving officers or employees of a government institution, a minister of the Crown or the staff of a minister of the Crown,**

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**SECRET**  
**188368**

## SCENARIO NOTE TO THE MINISTER

### MEETINGS BETWEEN MINISTER OF NATURAL RESOURCES AND SENIOR ENERGY EXECUTIVES TO DISCUSS THE NEWFOUNDLAND AND LABRADOR OFFSHORE

#### MEETING DETAILS

- **DATE/TIME:** Phone calls will be held on Friday, September 25, 2020
  - 11:00am NLT – Suncor
  - 11:30am NLT – Husky Energy
  - 1:30pm NLT – Equinor Canada
- **LOCATION:** Conference calls
- **PARTICIPANTS:**
  - Mr. Mark Little, President and CEO of Suncor
  - Mr. Robert Peabody, President and CEO of Husky Energy
  - Ms Unni Fjaer, VP Operations Equinor Canada

#### ISSUE

- You are scheduled to have three separate calls with senior executives from Suncor, Husky and Equinor, as part of your ongoing dialogue with the companies, to discuss issues related to the Newfoundland and Labrador (NL) offshore industry. It is anticipated that they will seek an update on the status of the federal government's announcement to support the offshore sector. These meetings are in follow up to meetings last week with the same companies.

#### HIGHLIGHTS/KEY CONSIDERATIONS

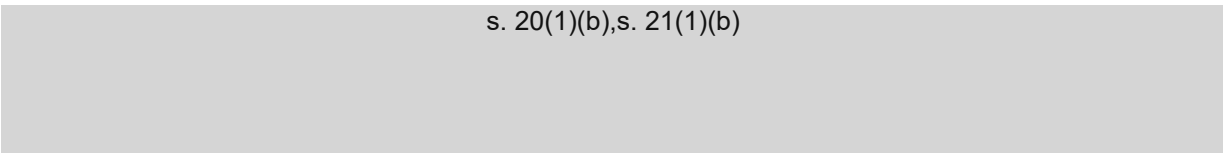
- Over the past several months, a significant level of engagement has occurred between you and senior executives of energy companies, currently active in the Canada-NL offshore, to understand the issues and challenges that have resulted from the COVID pandemic and the Saudi-Russia price war.
- Yesterday's Speech from the Throne reaffirmed the Government's key priorities for building a stronger and more resilient Canada. These priorities include a number of commitments related to the energy sector and its workers including:
  - Acknowledgement that Canada cannot reach net zero without the know-how and innovation of the energy sector, and a commitment to support the energy sector as it transforms to meet a net zero future;
  - Commitment to making Canada a world leader in clean technology and to ensuring Canada is the most competitive jurisdiction in the world for clean technology companies; and,
  - Commitment to launching a campaign to create over one million jobs and extend the Canada Emergency Wage Subsidy through to next summer.

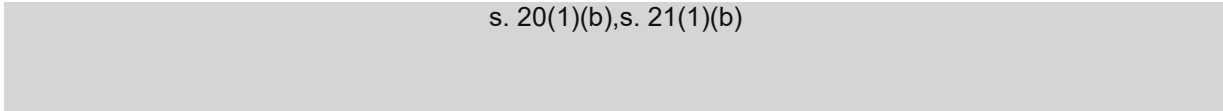
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- With many energy companies investing in new and emerging technologies, there are opportunities for government-industry collaboration going forward and you may wish to highlight these opportunities, including in the context of your upcoming announcement.
- September 24, NL Premier Andrew Furey and Minister Andrew Parsons (Industry, Energy and Technology) announced a new measure, the Offshore Exploration Initiative, to provide industry with an incentive to drill additional exploration wells on the best prospects. Rather than directing forfeited security deposits to the province's general treasury, the new initiative would allow for re-investment of any forfeited deposits back into the industry to ensure continued exploration.
- NRCan officials understand plans are currently underway for you to announce a federal package in the coming days that would directly support workers and jobs in the province's offshore sector. You may wish to share that arrangements for an announcement are underway and will provide direct assistance to the offshore and workers.
- There is an opportunity to position the suite of federal measures as complementary to NL's Offshore Exploration Initiative to address the calls from industry advocates for specific exploration incentives. It will also build on the work that has been undertaken to date to enhance the overall competitiveness of the offshore sector including the Regional Assessment and changes to Exploration License terms and conditions to incent multi-well exploration programs ("accelerated write-down" proposal).

## **KEY BACKGROUND**

- s. 20(1)(b), s. 21(1)(b)


- **Suncor:** Production has been suspended on the Terra Nova Floating, Production, Storage and Offloading (FPSO) platform since December 2019 following an order from the C-NLOPB arising from safety concerns on the facility. Further, the 7-month refurbishment program that had been scheduled for a shipyard in Spain in the spring/summer of 2020 was cancelled due to the pandemic. In July 2020, the Terra Nova FPSO left the Jeanne d'Arc Basin and has been sitting in Conception Bay awaiting a decision on immediate next steps including the selection of a quayside location within the province.
- s. 20(1)(b), s. 21(1)(b)



It is anticipated that Suncor will announce details of employee layoffs this week and that a decision is imminent as to whether the FPSO will be "cold-stacked" (long-term storage).

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- **Husky:** In the spring, Husky suspended all construction work at the West White Rose Extension project in Argentic and Marystown in response to the pandemic. On September 9, Husky announced that it was undertaking a full review of the scope, schedule and cost of the project and its future operations in the Atlantic region. Husky has asked the federal government to take an equity stake in the project [REDACTED] s. 20(1)(b),s. 21(1)(b)
- **Equinor:** In March, Equinor announced its decision to defer the Bay du Nord project indefinitely in order to consider options for making the project more robust for low commodity prices. Senior executives with Equinor have been meeting regularly with NRCan officials [REDACTED] s. 20(1)(b),s. 21(1)(b) In particular, they have called on government to reinstate the Atlantic Investment Tax Credit and have shared a list of projects that could potentially be funded under the Emissions Reduction Fund.
- Recently, Equinor decided to consolidate its Canadian operations/interests into a smaller, central office located in NL (relocating staff from Alberta to NL). NRCan understands that Equinor is also currently undertaking a corporate review of investment opportunities in its global portfolio which may ultimately have an impact on the future of Bay du Nord.
- Public concern has been mounting in the province in light of the recent announcements and implications on local jobs.

## **POINTS TO REGISTER**

### *Speech from the Throne*

- Yesterday's Speech from the Throne reaffirmed our Government's commitment to work hand-in-hand with the energy sector to transition through the pandemic and towards Canada's goal of Net Zero.
- We cannot achieve Net Zero without our oil and gas sector. We will do whatever is necessary to support the sector and its workers.
- Our continued progress in the area of clean technology and innovation will enable our transition and position Canada as one of the most competitive energy jurisdictions on the global stage.
- We also announced that the Government will launch a campaign to create over one million jobs and will extend the Canada Emergency Wage Subsidy through to next summer.

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#### *Offshore Announcements*

- I was pleased to hear Premier Furey and Minister Parsons announce the Offshore Exploration Initiative earlier today as the success of our offshore sector will rely on continued exploration.
- As you know, I have been working diligently with my Cabinet colleagues to finalize a plan that takes into consideration the unique realities of our offshore projects and the challenges your company is facing during these unprecedented times.
- Arrangements are currently underway to announce supports for the offshore sector and I hope to be in a position to share the details with you in the coming days. As I have stated previously, our focus is on workers and protecting jobs.
- It is my full intention to see all of our offshore projects back on track as soon as possible as our economic recovery will depend on a strong and resilient oil and gas sector.

#### *Additional Suncor Points*

- I am very aware that economic recovery for Newfoundland and Labrador must involve a pathway to recovery for its oil and gas sector.
- I share your desire to develop a concrete plan for the Terra Nova's return to production in the short term. We are committed to continue working together to ensure that the FPSO comes back on line safely and with our full, local complement of workers.
- I am confident that our federal support package will lead to positive outcomes - not only for Suncor and Terra Nova, but also for the benefit of the many workers, families and communities that depend on this important project.

#### *Additional Husky Points*

- I am very aware that economic recovery for Newfoundland and Labrador must involve a pathway to recovery for its oil and gas sector.
- I understand the importance of the West White Rose extension to the continued viability of the existing White Rose project.
- As you undertake a full review of the project, I am hopeful that our federal measures will factor into your decision-making process and provide much needed support to protect local jobs and secure Husky's presence in the Atlantic region.

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*Additional Equinor Points*

- I am very aware that economic recovery for Newfoundland and Labrador must involve a pathway to recovery for its oil and gas sector.
- As I have conveyed on many occasions, clean technology and innovation will be instrumental as our energy sector transitions in the coming years and decades. We are keen to partner with world-class companies like Equinor who are focused on continuous improvement in the environmental performance of projects in their global portfolio.
- I believe that Bay du Nord represents a significant opportunity for us to demonstrate how an offshore project, in perhaps the harshest offshore environment in the world, can safely produce light sweet crude with an emissions profile that is well below the global average.
- The federal support package we expect to announce shortly will include support for R&D and innovation. I am hopeful it will make a difference in Equinor's decision-making on the future of Bay du Nord.

Attachment(s): 3

Annex A – Additional Information - Suncor

Annex B – Additional Information – Husky Energy

Annex C – Additional Information – Equinor



## **ANNEX A**

### **Additional Information – Suncor Energy**

#### *Terra Nova FPSO and life extension project*

Suncor Energy operates the Terra Nova field, where production began in 2002, using the Terra Nova Floating, Production, Storage and Offloading (FPSO) vessel. One of the largest FPSO vessels ever built, the Terra Nova FPSO can store 960,000 barrels of oil and accommodate up to 120 people while producing. In total, Terra Nova directly employs approximately 853 people (458 onshore/386 offshore).

In May 2019, Suncor and the Terra Nova joint venture owners sanctioned plans to proceed with a project that will extend the life of the FPSO vessel to approximately 2031. The decision followed a re-evaluation of the extent of recoverable reserves in the field that determined the potential for at least another 10 years of production (an additional 80 million barrels of oil).

Due to the COVID-19 pandemic, in the spring of 2020 Suncor announced that the overhaul of the Terra Nova FPSO vessel (which was to take place in Spain) would not proceed as scheduled. In order to refurbish key components and equipment, the FPSO must be dry-docked in a facility large enough to accommodate it.

Terra Nova's production has been suspended since December 2019 following an order from the C-NLOPB [REDACTED] s. 20(1)(b) [REDACTED]. In July 2020, the Terra Nova FPSO left the Jeanne d'Arc Basin and has been sitting in Conception Bay awaiting a decision on immediate next steps including the selection of a quayside location within the province.

Suncor had been actively exploring options with its partners and the C-NLOPB for a more limited maintenance turnaround within the province and possible return to production later this year. [REDACTED]

s. 20(1)(b), s. 21(1)(b)

#### *Terra Nova-Industry/Regulator/Government Table*

Over the summer, a Terra Nova-Industry/Regulator/Government Table was established to allow for discussion and collaboration on the safe return of the Terra Nova FPSO to production. The Table is comprised of officials from Suncor, the C-NLOPB, the Government of NL and NRCan.

s. 21(1)(b)

To date, the Table has focused on the scope of maintenance work required to bring the project back into production and finding alignment on a package that will satisfy the regulator.

*Proposed Offshore Environmental Performance Fund*

The proposed Offshore Environmental Performance Fund (OEPF), which awaits government sanction, may represent an important new tool for the Terra Nova FPSO and life extension project as it may allow for the offset of certain refurbishment costs.

*Provincial Announcement*

On Thursday, September 24, 2020, the Government of NL announced the establishment of a new Offshore Exploration Initiative that will allow for the reinvestment of future bid deposit forfeitures into offshore exploration projects.

Mark Little  
President and CEO, Suncor



Mark joined Suncor in 2008 as senior vice president, Strategic Growth and Energy Trading before becoming the senior vice president of integration following Suncor's merger with Petro-Canada. Mark has also served as senior vice president, International and Offshore; executive vice president, Oil Sands; executive vice president Upstream; president, Upstream; and chief operating officer. In these roles, Mark's accountabilities have spanned from operations in the Wood Buffalo region to operations in offshore East Coast Canada, the North Sea, and international onshore operations in Latin America, North Africa and the Near East, where he oversaw significant improvements in efficiency and performance, as well as portfolio growth. Mark has over 34 years of international energy industry experience, including 23 years at Imperial/Exxon.

A previous member of the Accenture Global Energy Board and formerly the Chair of Syncrude Canada, Mark is a current member of the board of governors of the Canadian Association of Petroleum Producers (CAPP) where he also serves as a member of the Executive Committee and the Oil Sands CEO Council.

Born and raised in Calgary, Mark holds a science degree from the University of Calgary and an applied petroleum engineering technology degree from the Southern Alberta Institute of Technology (SAIT). He is also a graduate of the advanced management program at Harvard Business School. From 2003 to 2007 he served as Honorary Colonel for the 409 and 441 Tactical Fighter Squadrons at 4 Wing Airforce Base in Cold Lake, Alta., a role that reflected his commitment to the relationship between the Air Force, the community and industry.

## **ANNEX B**

### **Additional Information – Husky Energy**

#### *White Rose Project*

In 2019, production at the White Rose project averaged approximately 17,287 barrels per day and employed 3,135 people. To date, the project has produced 300 million barrels and there is an estimated 180 million barrels of reserves remaining at the White Rose field.

s. 20(1)(b)

#### *West White Rose (WWR) Project*

Construction had begun at two mainland sites in Argentina and Marystown, with approximately 650 workers in Argentina and another 230 workers in Marystown. On April 22, 2020 Husky suspended construction work for the remainder of the year and the timing for restarting construction activities remains undetermined. Husky has also confirmed that first oil for the project is delayed by another year, until 2023. Construction for the project is approximately 60% complete.

s. 20(1)(b),s. 21(1)(b)

On September 9, 2020 Husky announced it would be undertaking a full review of the West White Rose project given the minimum one-year delay to first oil and continued market uncertainty caused by the COVID-19 pandemic. The company also communicated that the review will also assess the company's future presence in the Atlantic region.

#### *Husky Equity Proposal*

Husky has proposed that the federal or provincial government acquire a [redacted] equity interest in the White Rose project [redacted]

s. 20(1)(b),s. 21(1)(b)

NRCan officials have met with Husky on multiple occasions and have facilitated a dialogue between Husky and Invest in Canada to explore the potential involvement of sovereign wealth funds and/or private sector partners. Husky has also been encouraged to apply to the Large Employer Emergency Financing Facility (LEEFF) program, as an alternative to equity financing.

While Husky has outlined potential project areas that the Emissions Reduction Fund (ERF) could support with regard to the SeaRose production vessel, it has cited unfavorable financing conditions (repayability) and uncertainty on WWR and White Rose as a potential barrier to ERF uptake.

*Provincial Announcement*

On Thursday, September 24, 2020 the Government of NL announced the establishment of a new Offshore Exploration Initiative that will allow for the reinvestment of future bid deposit forfeitures into offshore exploration projects.

Robert Peabody

President and CEO, Husky Energy



Mr. Peabody was appointed as Husky Energy's President and Chief Executive Officer and member of the Board of Directors in December 2016. He joined Husky as Chief Operating Officer in 2006, and has played a key role in the transformation of the Company.

Mr. Peabody has extensive oil, gas, and chemicals experience, and started his career in Canada, where he worked on early in-situ oil sands development. Previous positions included President, BP Global Polymers, and Upstream business unit leader in the North Sea. Other leadership roles included senior positions in exploration and production, natural gas marketing, oil trading and project management.

Mr. Peabody holds a Master of Science in Management from Stanford University (Sloan Fellow) and a Bachelor of Science in Mechanical Engineering from the University of British Columbia. Mr. Peabody is a member of the Foothills Hospital Development Council, Calgary, Alberta. He is also a member of the Association of Professional Engineers and Geoscientists of Alberta (APEGA).

## **ANNEX C**

### **Additional Information – Equinor**

#### *Equinor Exploration Drilling Program*

On April 7, 2020, the C-NLOPB issued an Operating Authorization to Equinor for its exploratory drilling program. The program includes drilling of two (2) wells on EL1156. Equinor is currently working on drilling operations on EL1156.

On September 18, 2020, the Canada-Newfoundland and Labrador Offshore Petroleum Board made a decision declaring a Significant Discovery Area around one of Equinor's wells (Harpoon-85), which likely represents a future tie-back opportunity for the Bay du Nord project. This confirms the presence of hydrocarbons with potential for sustained production, and is another step in the overall development of the Bay du Nord project.

#### *Deferral of Bay du Nord Offshore Oil Development Project*

On March 18, 2020, Equinor and partner Husky Energy announced their decision to defer the Bay du Nord project indefinitely in order to consider options for making the project more robust given low oil prices.

The Bay du Nord Project, with expected reserves of approximately 300 million barrels of oil, would have been in operation for approximately 12-20 years with the possibility of expansions to include future discoveries. Project sanction had been planned for 2021.

s. 20(1)(b)

The total capital cost and operating expenditures were estimated at \$10.9 billion (\$6.8 billion on development costs). The province, through Nalcor Energy's Oil and Gas division, would acquire a 10% equity stake in the project.

The federal Environmental Assessment of Bay du Nord is continuing under *CEAA, 2012* even though the project has been deferred. Most recently, on July 30, the Impact Assessment Agency posted the Environmental Impact Statement (EIS) for a 45-day public comment period, which triggers the start of the 300-day timeline for the review of the project.

Senior executives with Equinor have been meeting regularly with NRCan officials

s. 20(1)(b), s. 21(1)(b)

In particular, they have written to federal Ministers calling on government to reinstate the Atlantic Investment Tax Credit.

Recently, Equinor decided to consolidate its Canadian operations/interests into a smaller, central office located in NL (relocating staff from Alberta to NL). NRCan understands that Equinor is also currently undertaking a corporate review of investment opportunities in its global portfolio which may ultimately have an impact on the future of Bay du Nord.

#### *Proposed Offshore Environmental Performance Fund*

The proposed Offshore Environmental Performance Fund (OEPF), which awaits government sanction, may represent an important new tool for the Bay du Nord project as it may allow for the offset of certain project development costs.

*Provincial Announcement*

On Thursday, September 24, 2020, the Government of NL announced the establishment of a new offshore exploration initiative that will allow for the reinvestment of future bid deposit forfeitures into offshore exploration projects.



Unni Fjaer  
Vice President Operations, Equinor



Ms Fjaer has been with Equinor since March 2018. She previously served as Equinor's (formerly Statoil) location manager in Hammerfest, Norway, where she was responsible for LNG production. Ms. Fjaer has had significant offshore experience during her 25-year career with Equinor, including positions as platform manager offshore Norway and human resources manager for operations mid-Norway. In N.L., Ms. Fjaer currently oversees offshore operations. Equinor has a majority stake in N.L.'s Bay du Nord discovery in the Flemish Pass Basin.