



National Energy  
Board



Office national  
de l'énergie

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**OUTGOING FACSIMILE - MESSAGE À EXPÉDIER**

**Date:** 11 July 2014

**Message to/**

Mr. Glenn Scott  
President  
Imperial Oil Resources Ventures Limited  
Facsimile 403-237-4447

- c.c. Mr. Neil Darlow, Environment & Socio-Economic Impact Assessment Coordinator,  
Beaufort Sea Exploration Drilling Program, Imperial Oil Limited,  
facsimile 403-237-4447  
Ms. Janet King, Assistant Deputy Minister, Aboriginal Affairs and Northern Development  
Canada, facsimile 819-953-6121  
Ms. Nellie Cournoyea, Chair and CEO, Inuvialuit Regional Corporation,  
facsimile 867-777-7001  
Mr. Frank Pokiak, Chair, Inuvialuit Game Council, facsimile 867-777-2610  
Mr. Jon Pierce, Chair, Environmental Impact Review Board, facsimile 867-777-2610

**Message From/  
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**Number of pages (including cover page)/** 5 pages  
**Nombre de pages (incluant la page couverture) :**

Please find attached Board letter dated 11 July 2014 regarding your Ruling on Equivalent Approach to Satisfy SSRW. This document could also be viewed on the Board's website at receipt A61668.

Regards,

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National Energy  
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File OF-EP-Gen-PA-I017 03  
11 July 2014

Mr. Glenn Scott  
President  
Imperial Oil Resources Ventures Limited  
237 Fourth Avenue SW,  
PO Box 2480, Station M  
Calgary, AB T2P 3M9  
Facsimile 403-237-4447

Dear Mr. Scott:

**Request for Review and Ruling on Equivalent Approach to Satisfy Same Season Relief Well (SSRW) Policy for the Imperial Oil Resources Ventures Limited (IORVL) Beaufort Sea Exploration Joint Venture Drilling Program (Project)**

On 24 April 2014, IORVL requested that the National Energy Board (NEB or Board) consider and provide a ruling on the approach IORVL will propose to meet the intended outcome of the NEB's SSRW Policy, in advance of filing an application pursuant to paragraph 5(1)(b) of *Canada Oil and Gas Operations Act (COGOA)* seeking authorization of its Project. The Board requested additional information from IORVL on 16 May 2014, to which IOVRL provided a response on 17 June 2014.

**Board Decision**

The Board has carefully considered the information submitted and has decided to grant IORVL's request. On receipt of a complete proposal for the ruling sought, the Board will commence a process to determine whether the approach proposed by IORVL meets or exceeds the intended outcome of the NEB's SSRW Policy.

The Board notes that any ruling at the conclusion of the SSRW process will only address whether the intent of the SSRW Policy has been met or exceeded, not whether the Project would be authorized to proceed. An operations authorization can only be issued by the Board pursuant to paragraph 5(1)(b) of the COGOA after considering a full Project application, and after:

.../2

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- reaching a decision about the likelihood of significant adverse environmental effects under the CEEA 2012; and
- considering the recommendations of the Environmental Impact Review Board established under the *Inuvialuit Final Agreement*.

## Reasons

Section 6 of the *Canada Oil and Gas Drilling and Production Regulations* require an applicant to provide contingency plans to mitigate the effects of any reasonably foreseeable event that might compromise safety or environmental protection. An out-of-control well is an example of such a foreseeable event and SSRW capability is considered in this context. The SSRW Policy states that the applicant must demonstrate in a Contingency Plan the capability to drill a relief well to kill an out-of-control well during the same drilling season. The intended outcome of this policy is to minimize harmful impacts on the environment. The Board stated at the conclusion of its *Review of Offshore Drilling in the Canadian Arctic* that it was open to evolving technology and that it would consider departures from the SSRW Policy on a case-by-case basis. Any applicant wishing to depart from the SSRW Policy must demonstrate how it would meet or exceed the intended outcome of the Policy.

Paragraph 5.31(1)(b) of the COGOA authorizes the Board to inquire into, hear and determine any matter if it appears to the Board that the circumstances may require the Board, in the public interest, to make any order or give any direction, leave, sanction or approval that by law it is authorized to make or give. Drilling in the Arctic offshore is an activity that is sanctioned by the COGOA. The Board is of the view that it is in the public interest to determine whether the approach proposed by IORVL meets or exceeds the intended outcome of the NEB's SSRW Policy in advance of receiving IORVL's application pursuant to paragraph 5(1)(b) of the COGOA seeking authorization of its Project.

In coming to this conclusion, the Board considered the following factors: regulatory certainty, efficiency, and public access to information.

IORVL stated that it will use the SSRW ruling as a basis to initiate detailed drilling engineering design, and develop safety and environmental effects plans for inclusion later in the operations authorization and environmental impact statement submission for the Project. The Board finds that clarifying whether IORVL's proposal meets the intended outcome of the SSRW Policy would be beneficial to establish early in the regulatory review process as this is a major element of the Project's design.

The Board finds that the extent of the proposal to be filed would not likely result in the Board having to consider the majority of a Project application under the COGOA. Evidence provided in support of the SSRW process should not need to be filed in a future Board proceeding to consider the Project. Having said this, the Board will ensure that it obtains all the information it considers necessary to make its determination in the SSRW proceeding.

IORVL indicated that it is willing to consent to the public release of information that is normally

privileged pursuant to s. 101 of the *Canada Petroleum Resources Act*. The Board appreciates IORVL's undertaking as it supports a transparent regulatory process where information in the SSRW proceeding will be accessible to the public.

### Next Steps

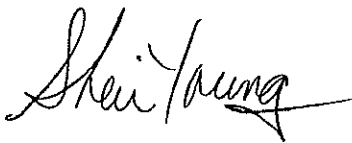
The Board has attached a draft List of Issues in Appendix 1. This is in no way a predetermination of the merits of IORVL's application or process for assessment.

The Board seeks comments from interested persons on the draft List of Issues by 1 August 2014. The Board will consider the comments received in making any necessary revisions to the List of Issues. Additional information about processes will be released by the Board in due course.

The Board directs IORVL to:

1. Provide a copy of this letter to potentially interested persons by 17 July 2014; and
2. Provide a list of potentially interested persons it has contacted to the Board by 24 July 2014.

Yours truly,



Sheri Young  
Secretary of the Board

### Attachment

- c.c. Mr. Neil Darlow, Environment & Socio-Economic Impact Assessment Coordinator,  
Beaufort Sea Exploration Drilling Program, Imperial Oil Limited,  
facsimile 403-237-2244  
Ms. Janet King, Assistant Deputy Minister, Aboriginal Affairs and Northern  
Development Canada, facsimile 819-953-6121  
Ms. Nellie Cournoyea, Chair and CEO, Inuvialuit Regional Corporation,  
facsimile 867-777-7001  
Mr. Frank Pokiak, Chair, Inuvialuit Game Council, facsimile 867-777-2610  
Mr. Jon Pierce, Chair, Environmental Impact Review Board, facsimile 867-777-2610

Attachment to Board Letter  
Dated 11 July 2014

### Appendix 1 - Draft List of Issues

On 24 April 2014, IORVL requested that the National Energy Board (NEB or Board) consider and provide a ruling on the approach IORVL will propose to meet the intended outcome of the NEB's SSRW Policy.

The NEB's SSRW Policy is that the applicant must demonstrate the capability to kill an out-of-control well during the same drilling season. The intended outcome of the Policy is to minimize harmful impacts on the environment. As stated in the Board's *Review of Offshore Drilling the Canadian Arctic*, an applicant wishing to depart from the SSRW Policy would have to demonstrate how they would meet or exceed the intended outcome of the Policy.

The draft List of Issues reflects the Board's initial considerations of the issues to be examined to reach that ruling. This is in no way a predetermination of the merits of IORVL's project application.

1. What criteria and risks should be considered in determining whether the intent of the SSRW Policy has been satisfied by the tools and techniques proposed to respond to an out-of-control well.
2. How the tools and techniques proposed would meet the criteria and address risks in the circumstances of a worst case scenario.
3. The terms and conditions, if any, that should be considered at the project application stage if the departure from the SSRW Policy is granted.
4. Implications of the Board accepting a departure from the SSRW Policy.

The Board does not intend to conduct an environmental assessment as part of this proceeding. An environmental assessment would be undertaken at the project application stage.