

~~MAY 20 1994~~

THIS MEMORANDUM OF UNDERSTANDING

- BETWEEN** The National Energy Board (NEB) and
The Department of Energy, Mines and Resources (EMR) ("the Participants")
- WHEREAS** the NEB has been assigned responsibility for administering the Canada Oil and Gas Operations Act ("COGOA") and specific technical responsibilities under the provisions of the Canada Petroleum Resources Act ("CPRA");
- WHEREAS** technical resources formerly residing in the Canada Oil & Gas Lands Administration were transferred to the NEB;
- WHEREAS** EMR has responsibility to provide advice to the Minister of EMR for oil and gas activities in areas under the Minister's jurisdiction including the Nova Scotia and Newfoundland Accord areas;
- WHEREAS** it is appropriate to describe more formally the process by which the staff of the NEB will provide advice and technical support to EMR on matters relating to such oil and gas activities;
- RECOGNIZING** that the traditional functions of the NEB respecting the regulation of pipelines and the export of energy are funded through cost recovery from the regulated industry, and
- RECOGNIZING** that the NEB is an independent quasi-judicial tribunal,
- THEREFORE** the Participants undertake to provide technical advice and information in the following manner:

1. GENERAL

1.1 COST RECOVERY

The NEB has the power to recover its costs pursuant to the National Energy Board Act and the National Energy Board Cost Recovery Regulations made thereunder, respecting the regulation of pipelines, tolls and tariffs and the export of energy.

The Participants acknowledge the fact that the Minister of EMR has decided, by letter dated 28 May 1991, to exempt from cost recovery charges, the costs

incurred by the NEB for administering the Canada Oil and Gas Lands Administration functions performed by the NEB and these costs will be funded from general revenue.

1.2 PROVISION OF EXPERT TECHNICAL ADVICE AND INFORMATION

- 1.2.1 The Participants will exchange information, insofar as appropriate, in order to avoid duplication of effort and to make effective use of the human resources and expertise resident in the NEB and EMR.
- 1.2.2 The staff of the NEB will provide advice and assistance to EMR on matters related to exploration, development and production activities, on related environmental matters and on joint management issues in areas under jurisdiction of the Minister of EMR. In this respect the NEB will provide expert technical services and information to EMR.
- 1.2.3 EMR will ensure that the staff of the NEB is provided with real time data and information from the offshore Boards as required to carry out the NEB's responsibilities under this Memorandum of Understanding.
- 1.2.4 The Participants may provide special services to one another in support of matters in addition to those identified in this Memorandum. These services will be provided upon such terms and conditions as may be agreed upon by the Participants.

2. OIL AND GAS INDUSTRY ACTIVITIES

EXCHANGE OF INFORMATION

- 2.1 To the extent permitted by legislation, the staff of the NEB will notify EMR on a timely basis of industry activities related to exploration, development and production on frontier lands and offshore areas.
- 2.2 Information as described in Annex I will be exchanged on a routine basis.
- 2.3 To the extent permitted by legislation, any other information that EMR or the NEB may require on activities related to the COGOA and specific provisions of the CPRA may be exchanged from time to time.
- 2.4 To the extent permitted by legislation, EMR will provide information to the

staff of the NEB on matters related to industry activities regarding exploration, development and production activities, on related environmental matters and on joint federal/provincial management issues in areas under the jurisdiction of the Minister of EMR.

3. REVIEW AND ASSESSMENTS

- 3.1 The staff of the NEB will carry out technical and environmental reviews and assessments as appropriate to enable EMR and its Minister to fulfil their respective obligations and responsibilities.
- 3.2 The staff of the NEB will review the fundamental decisions of offshore Boards and provide, on a priority basis, technical advice to EMR including assistance in the preparation of Ministerial Directives to the offshore Boards.
- 3.3 The staff of the NEB will notify EMR of the need for an extension of time where five working days is an insufficient period of time within which to provide technical advice regarding fundamental decisions.

4. LEGISLATION AND REGULATIONS

- 4.1 The staff of the NEB will provide advice and assistance to EMR in the development of legislation and Regulations under the jurisdiction of the Minister of EMR.
- 4.2 The drafting of Regulations will be done in accordance with the process outlined in Annex II.
- 4.3 In drafting Regulations in accordance with 4.2 or in the development of legislation, EMR will take the lead in co-ordinating the development of the Regulations under the COGOA corresponding parts of the East Coast Accord Acts.
- 4.4 The staff of the NEB and the staff of EMR will immediately notify each other of any legislative initiative undertaken to amend the COGOA or Regulations promulgated under that Act.

5. EMERGENCY RESPONSE AND SIGNIFICANT EVENTS

- 5.1 The staff of the NEB will immediately notify EMR of any significant event or emergency response arising from oil and gas activities.

6. AMENDMENTS AND ANNEXES

6.1 This Memorandum may be amended by the Participants hereto. Unless another day is agreed, an amendment will become effective upon its signature by the Participants.

7.0 OTHER

7.1 This memorandum is not intended to cover arrangements whereby the NEB provides special technical assistance to the East Coast Boards in which case separate arrangements may be made.

IN WITNESS WHEREOF our signatures are hereunto inscribed.

FOR THE DEPARTMENT OF ENERGY,
MINES AND RESOURCES

FOR THE NATIONAL ENERGY BOARD

ANNEX I

**THE NEB AND EMR WILL EXCHANGE INFORMATION ON THE FOLLOWING
RELATED TO OIL AND GAS ACTIVITIES AND OPERATIONS ON A ROUTINE
BASIS**

Notification after approval of

- Authorization to Conduct a Geophysical/Geological/Geotechnical/Environmental Program
- Diving Program Authorization
- Drilling Program Authorization
- Authorization to Drill a Well
- Development Plan Application and Approval
- Production Operations Authorization
- Cancellation of Authorities or Approvals

Weekly status reports summarizing activity for drilling and completing wells, including where appropriate, geological reports and test results for exploration and delineation wells.

Weekly reports summarizing the progress of geophysical/geological activities.

ANNEX II

DRAFTING OF REGULATIONS

I- DRAFTING STAGE

- A) The NEB staff and Legal Counsel will be responsible for preparing the initial draft of Regulations made pursuant to the COGOA and the corresponding parts of the East Coast Accord Acts.
- B) Drafting will be done in consultation with EMR technical staff.
- C) Copies of draft Regulations will be forwarded to EMR for distribution to Nova Scotia and Newfoundland provincial officials and the respective Offshore boards. EMR will ensure that all comments in respect of the draft Regulations will be transmitted to the NEB.

II- REVIEW AND STAMPING BY PRIVY COUNCIL OFFICE - JUSTICE (PCO-J)

- A) The NEB will be responsible for processing Regulations made pursuant to the COGOA to PCO-J. This includes:
 - 1- preparing related documents in accordance with the Federal Regulatory Process (i.e. Regulatory Impact Analysis Statement (RIAS), Communication Plan, and Environmental Screening);
 - 2- preparing the necessary transmittal letters from the Chairman of the NEB to the Minister of EMR, and letters from the Minister to PCO and Treasury Board, in accordance with the Federal Regulatory Process.
- B) EMR will be responsible for processing Regulations made pursuant to the parts of the East Coast Accord Acts corresponding to the COGOA. This includes the steps provided above in A.
- C) Both EMR and NEB Counsels will be involved in providing PCO-J lawyers assistance and advice in reviewing the Regulations made pursuant to the COGOA and the corresponding parts of the East Coast Accord Acts. The NEB Counsel will have the lead role with respect to Regulations made pursuant to the COGOA and the EMR Counsel will have the lead role with respect to Regulations made pursuant to the parts of the East Coast Accord Acts

corresponding to the COGOA. This will be reflected in the RIAS relating to each Regulation.


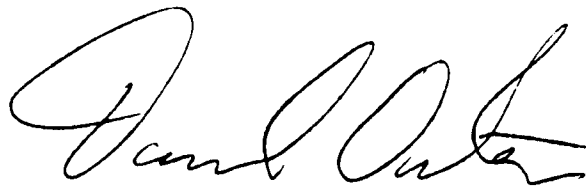
- D) NEB will be responsible for arranging for the translation of all Regulations and EMR will reimburse NEB for any costs incurred in translating the Regulations made pursuant to the parts of the East Coast Accord Acts corresponding to the COGOA.

III. PRE-PUBLICATION STAGE

- A) EMR will be responsible for processing Regulations made pursuant to the parts of the East Coast Accord Acts corresponding to the COGOA for pre-publication in Part I of the Canada Gazette.
- B) The NEB will be responsible for processing Regulations made pursuant to the COGOA for pre-publication in Part I of the Canada Gazette.

IV. FINAL APPROVAL AND PUBLICATION STAGE

- A) Decisions to accept or reject changes to the Regulations made pursuant to the COGOA proposed by interested parties during the pre-publication stage will be taken by the NEB in consultation with EMR.
- B) Decisions to accept or reject changes to the Regulations made pursuant to the parts of the East Coast Accord Acts corresponding to the COGOA proposed by interested parties during the pre-publication stage will be taken by EMR in consultation with the NEB.
- C) The process set out in II and III above applies with respect to the final approval and publication stage.

30/10/92