



File 175-A000-17
11 April 2005

To: All Potentially Interested Parties

Public Comment Period Development of Goal Oriented Drilling and Production Regulations

The National Energy Board is collaborating with several federal and provincial agencies to develop goal oriented Drilling and Production Regulations under the *Canada Oil and Gas Operations Act* and the Offshore Accord Acts¹. The primary topics addressed by the Drilling and Production Regulations include conservation of the hydrocarbon resource, safety, and environmental protection. You have been identified as a potentially interested party for consultation on the project; therefore, this letter has been sent to you to determine your desire for further consultation on the project and to solicit comments from you on the draft goal oriented Drilling and Production Regulations.

Background

The goal oriented Drilling and Production Regulations project is an initiative of the National Energy Board, Natural Resources Canada, the Province of Newfoundland and Labrador, the Province of Nova Scotia, the Canada-Newfoundland Offshore Petroleum Board, the Canada-Nova Scotia Offshore Petroleum Board, and the Department of Indian Affairs and Northern Development. These agencies all have some form of direct regulatory responsibility for companies involved in the drilling for, and production of, oil and gas in Canada's frontier areas (*i.e.* Northwest Territories, Nunavut, and offshore), including those governed under the Offshore Accord Acts. Collectively, these organizations make up the Project Working Group.

The intent of the current project is to have goal oriented Drilling and Production Regulations in force by approximately the end of 2006. The goal oriented Drilling and Production Regulations project will build on draft Drilling and Production Regulations that were developed as part of a previous project in 2000; however, several circumstances combined to delay the previous project and prevent those draft Drilling and Production Regulations from coming into force.

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¹ *The Canada-Newfoundland Atlantic Accord Implementation Act; the Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act; the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act; and the Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act.*

Goal oriented regulations contain both prescriptive and goal or performance based elements. Prescriptive regulations dictate the means by which compliance is achieved, while goal or performance based regulations outline the end result or goal to be achieved. Some discretion is left to the regulated party as to how best to achieve the end result or goal; however, guidance in the form of guidance notes is usually provided by the regulator, with the regulator playing an active inspection and auditing role. It is recognized at the outset of this project that sections of the Drilling and Production Regulations, or portions thereof, will continue to be best suited to prescription while other sections, or portions thereof, will be more appropriately written in a goal or performance based manner.

How To Participate

Step 1-Statement of Interest

The first step in participating in the consultation phase of the project is to identify yourself as a party for consultation. Should you desire to be consulted on the project, please notify the Board by **29 April 2005**. This will ensure that you continue to receive material related to the project. If the Board has not received a Statement of Interest from you by this time, the Project Working Group will assume that you do not have an interest in ongoing involvement in the project.

Step 2-Written Comments

The second step in participating in the consultation phase of the project is to provide written comments on the six topics which are included within the scope of the project. These six topics are:

- Measurement
- Evaluation of Wells, Pools, and Fields
- Testing and Reporting Requirements for Safety Systems
- Casing
- General Well Control Requirements
- Testing of Well Control Equipment

The draft goal oriented Drilling and Production regulations are available on the Board's web site and any comments on the regulations would be welcome. Comments should be submitted to the Board by **10 June 2005**.

The Board may also conduct additional consultation activities such as workshops or focused working groups. If you or your organization is interested in participating in additional consultation activities, please note this in your Statement of Interest.

Submitting Statements of Interest and Comments

Electronic Filing

All documents related to the project will be posted on the Board's web site (www.neb-one.gc.ca) under the buttons "Engaging Canadians"/"Drilling and Production Regulations" on the home page, and parties are encouraged to file their comments electronically via the Board's web site. For more information about filing electronically, please click on the button "Submit a Document" on the home page.

Hard Copy or E-mail

Alternatively, Statements of Interest and comments may be submitted via e-mail or mail to:

Michel L. Mantha, Secretary
National Energy Board
444 Seventh Avenue SW
Calgary, Alberta T2P 0X8
Email: secretary@neb-one.gc.ca
Fax: (403) 292-5503

Please identify your written comments to the Secretary with "*Consultation Process for the Goal Oriented Drilling and Production Regulations Project*".

If you have any questions, or wish to discuss the project, please contact the Project Manager, Kent Lien, at (403) 299-2762 or by e-mail at klien@neb-one.gc.ca. For communication in French, please contact Ms. Chantal Briand, Regulatory Analyst, at (403) 292-4192 or by e-mail at cbriand@neb-one.gc.ca.

Yours truly,



Michel L. Mantha
Secretary