September 17, 2015

Members of the Review Panel:

Supplementary to earlier submissions, I would like to speak to an issue that has not yet been addressed: Regulatory Jurisdiction.

Our project is unique in that we propose to explore, evaluate and develop our offshore leases, at least during the earlier phases of development, by drilling deviated wells from onshore to the near offshore resource. This plan is driven by economic considerations: drilling and completion costs are much less from onshore than from offshore.

A consequence of this plan is that we fall under the jurisdiction of more than one regulatory authority. Offshore leases are regulated by the Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB). Onshore drilling activities are regulated by the Province, primarily through the Department of Natural Resources (DNR) and the Department of Environment and Conservation (DEC).

Reporting to regulators in two different jurisdictions is inefficient and at times unworkable. In our case, C-NLOPB did not take issue with hydraulic fracturing, which is permitted in the offshore, but the Province put a freeze on the practice, pending results of this Panel's review, and that has led to a delay of more than two years for our project so far.

Neither jurisdiction has experience with shale plays. However, the Province is currently going through a learning process about shale plays, in part through the efforts of this Panel, but also through research by the DNR.

To avoid future duplication, inefficiency and bottlenecks in the regulatory regime, we suggest that our exploration, evaluation and development activities be subject to one regulatory jurisdiction.

Activities based on shore should be regulated by the Province because that is where the impacts will be felt.

Another consideration is that the offshore regulatory regime is designed for massive conventional deep water targets drilled from floating platforms, not for unconventional plays drilled from onshore. Drilling from an offshore platform is inherently more risky than drilling on land. Among other considerations, an offshore platform is less stable than solid rock and an

offshore platform is more likely to be affected by ice related issues than is an onshore drilling rig.

Deep conventional targets also face blowout risks, which the offshore regulatory regime is designed to address. Unconventional plays have extremely low risk of blowout. In fact, the hydrocarbons have to be coaxed from the shales and other tight rocks by hydraulic fracturing. If the formations were prone to blowout, they would not need to be fraced.

We hope that one result of your Review will be that the Province implements a comprehensive regulatory framework for hydraulic fracturing based on best practice developed in jurisdictions with extensive experience in the completion technique. If that happens, then it makes sense that the Province should be the regulator of onshore to offshore development of this world class resource.

Consolidation of regulatory functions in this manner leads to better oversight, and the efficiency leads to better predictability and economics, which encourages investment.

Yours sincerely,

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