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Canadian Environmental Assessment Agency
Suite 200- 1801 Hollis Street
Halifax, Nova Scotia
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Attention: Shauna O'Brien, Project Manager Atlantic Regional Office

Date: March 1, 2018
File Code: 43351.2

Dear Ms. O'Brien:

Reference: Request for Inclusion of EL1134 into the Eastern Newfoundland Offshore Exploration Drilling Program (CEAR 80132)

On September 16, 2016, the Canadian Environmental Assessment Agency (the Agency) accepted the Project Description for the Eastern Newfoundland Offshore Exploration Drilling Program (the Project) proposed by ExxonMobil Canada Ltd. (ExxonMobil). On November 24, 2017 ExxonMobil submitted the Environmental Impact Statement (EIS) and EIS Summary for the Project. The Agency acknowledged conformity of the EIS and a public and Indigenous comment period is underway.

ExxonMobil has previously expressed the desire to include additional licences that would be acquired within the Project Area (Figure 1.0), subsequent to the submission of the EIS. On February 1, 2018, ExxonMobil acquired Husky Oil Operations Limited (Husky) 65 percent working interest in Exploration Licence (EL) 1134 and is therefore requesting the Agency incorporate EL1134 into the scope of the ongoing environmental assessment, as part of the Project.

For background, the Canadian Newfoundland & Labrador Offshore Petroleum Board (C-NLOPB) issued EL 1134 (see Table 1.0) to Husky, as operator, and its co-venturers on January 15, 2013. Husky included EL 1134 in their September 1, 2016 Project Description (CEAR 80130) filed with the Agency and contemplated the EL in their offshore exploration drilling program. ExxonMobil is now the Representative of the EL and is in the process of securing operatorship. Pursuant to the *Canadian Environmental Assessment Act* (CEAA 2012), offshore exploration drilling activities constitute a "designated project" as defined in Section 10 of the *Regulations Designating Physical Activities*.

The purpose of the Project is to determine the potential for oil and gas resources through an exploratory drilling program on various Operator-held land holdings within the Project Area. The addition of EL 1134 is within the Project Area that has been assessed and we propose its inclusion could be accommodated with an addendum to the existing EIS.

The Project includes the drilling, testing, and eventual decommissioning of exploratory wells (including delineation and appraisal wells) within the various ELs using one or more drilling installations including semi-submersibles and/or drill ships. Over the course of the anticipated duration of the Project, up to 35 wells could be drilled; specific well site locations will be selected as planning and design activities progress. The Project also includes various supporting activities or techniques that are often associated with offshore exploration drilling, including: geophysical surveys (geohazard / well site surveys, vertical seismic profiling (VSP)), geotechnical surveys, environmental surveys, remotely operated vehicle

(ROV) / video surveys, delineation drilling in the case of a hydrocarbon discovery, batch drilling, formation flow testing, and eventual wellhead decommissioning / removal, as well as associated supply and service activities.

Offshore marine vessels and aircraft will be required throughout the duration of the Project to support exploration activities and will include drilling installations (semi-submersibles and/or drill ships), supply / stand-by and support vessels, helicopters, well intervention vessels, vessels for the conduct of geotechnical, geological, environmental and geophysical surveys, construction vessels for wellhead removal, and those involved in ice management operations. Project-related supply and support activities will take place at existing, established onshore facilities operated by a third-party contractor, which have been previously approved under applicable regulatory processes and currently provide services to multiple offshore and other industrial operators. No Project-specific construction or expansion of such facilities or other onshore infrastructure is required or planned. Support vessel and aircraft services and their transits to and from the Project Area from these supply bases will likewise be contracted from third party suppliers and will use a number of existing and established routes off Eastern Newfoundland that have been used for decades.

The planned scope of the Project covers a period of 12 years (from 2018 to 2029) and generally aligns with the terms of the various existing and potential ELs. The 12-year period provides an adequate and conservative timeframe within which planned Project activities (including well drilling, testing, abandonment and associated activities) may occur at any time.

As shown in Figure 1.0, EL 1134 is fully within the Project Area that is being assessed through the ongoing EIS, and as such all physical and environmental features of the lease are already known. In addition, the overall scope of the project activities as described in the EIS remains unchanged, and is not likely to result in significant adverse cumulative environmental effects. We have reviewed the EIS in the context of adding 1134 changes, and conclude that the scope of the Project and the scope of the EIS done already, are fully inclusive of any activities related to EL 1134.

In order to facilitate this request, ExxonMobil proposes an approach to support the inclusion of EL 1134 as part of the Project. Specifically, we will provide for review and technical evaluation:

1. EIS Addendum to include EL 1134. ExxonMobil will prepare and submit a focused report that will provide an analysis of the implications of the addition of EL 1134 and the various exploration activities associated with that licence to the scope of the current Project and its EIS. In particular, this document will be planned and presented as a stand-alone “assessment of the change/EL addition” only, and will be designed to provide a section by section, systematic analysis of the content and findings of the current EIS, showing whether and how the information and analysis contained within it remain applicable to the planned EL 1134 activities as well, and providing additional EL specific information and analysis where required and applicable. We therefore request to proceed with the review period for the Project without significant impact on our review time line.

Timing of this submission is dependent on the provision of the updated spill model and as such will be approximately 12-14 weeks. We propose this be submitted as part of an Information Request (IR) from the Agency.

2. Oil Spill Trajectory Model for a specific EL 1134 point source. While we believe the range of spill trajectory models in our EIS presently under review would cover the worst case impact from an unmitigated release at EL 1134, we are preparing additional model runs for an EL 1134 location to support this statement. ExxonMobil anticipates that the mitigation and response procedures to any accidental event would be the same as to those already defined in the EIS. As batch spill models are of relatively low volumes compared to an unmitigated spill, we suggest batch models are unnecessary in this revision. The same methodology and contractor used for the existing models will be employed, and the updated model will be provided as an addendum to Appendix E.

Modeling requires approximately 12-14 weeks, and we propose to submit results as part of an IR response.

3. Drill cuttings dispersion modelling. A drill cuttings dispersion model for the deeper water location within EL 1134 will be provided. The same methodology and contractor used for the existing models will be employed, and the updated model will be provided as addendum to Appendix G.

Modeling requires approximately 6-8 weeks, and we propose to submit results as part of an IR response.

An important part of our EA process has been consultation with stakeholders including Indigenous Groups and fish harvesting organizations. To date, the concerns raised by these groups have not been EL specific, and while we intend to fully inform all groups of the request to include EL 1134, we emphasize that the potential magnitude of the exploration drilling project remains the same (up to 35 wells). Further, it is our understanding that stakeholder notifications specific to EL 1134 have been previously undertaken by Husky and no additional concerns have been raised; therefore we do not plan on any additional engagement specific to adding EL 1134 to the Project. Going forward all stakeholder engagement activities will be inclusive of all existing and planned Projects.

In summary, we ask the Agency to include EL 1134 within the ongoing EIS (CEAR 80132). EL 1134 falls within the designated project area, is adjacent to existing ExxonMobil operated blocks (EL 1135) and would be well suited to be included as part of the Eastern Newfoundland Offshore Exploration Drilling Program that is presently being reviewed by the agency. We request confirmation from the Agency that this approach is acceptable.

Respectfully,

<Original signed by>

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cc Dave Burley, C-NLOPB

Figure 1.0 – Project Area and Associated Licences

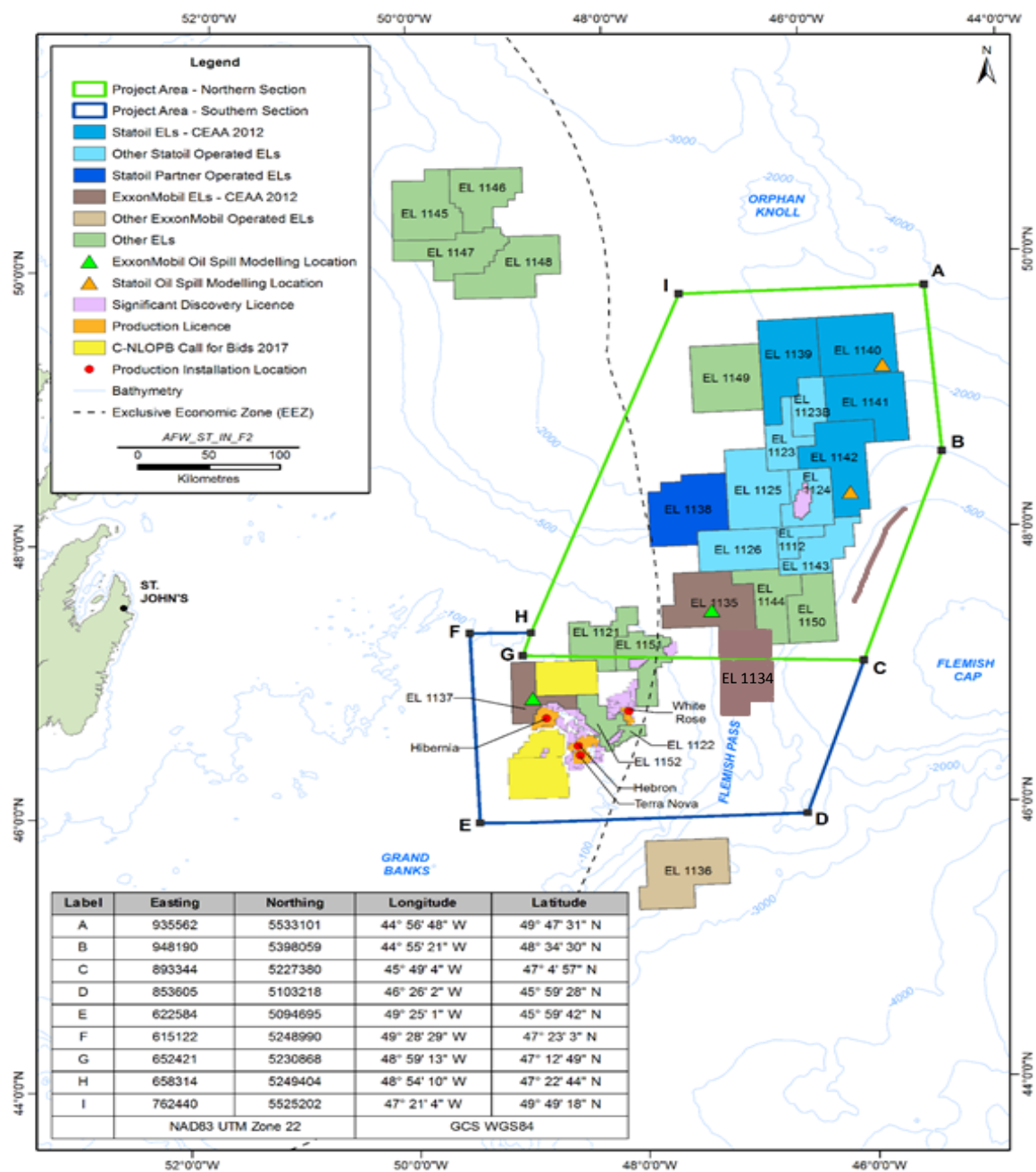


Table 1.0 – Land Description and Expiry of EL 1134

Latitude	Longitude	Sections	Hectares
47°20'N	46°30'W	81-100	7 008
47°20'N	46°45'W	1-100	35 040
47°20'N	47°00'W	1-60	21 024
47°10'N	46°30'W	81-100	7 030
47°10'N	46°45'W	1-100	35 150
47°10'N	47°00'W	1-60	21 090
47°00'N	46°30'W	81-100	7 052
47°00'N	46°45'W	1-100	35 260
47°00'N	47°00'W	1-60	21 156
46°50'N	46°45'W	75-80, 85-90, 95-100	6 363
46°50'N	47°00'W	5-10, 15-20, 25-30, 35-40, 45-50, 55-60	12 726
		Total Hectares	208 899

Expiry	Date
Period 1*	January 15, 2019
Period 2	January 15, 2021
Note: Period 1 may only be extended by one year by paying a \$5,000,000 CDN refundable drilling deposit or surrendering 50% contiguous licence lands with a \$1,000,000 CDN refundable drilling deposit	