House of Commons
CANADA

# Standing Committee on Natural Resources

RNNR • NUMBER 016 • 3rd SESSION • 40th PARLIAMENT

**EVIDENCE**

## Thursday, May 13, 2010

## Chair

**Mr. Leon Benoit**

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● (0905)

[*English*]

**The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)):** Good morning, everyone. We are here today, pursuant to Standing Order 108(2), to start a study on the status of the emergency response to offshore oil and gas drilling and the adequacy of the current regulatory regime.

We have two panels today. The first panel is scheduled for about 45 minutes. Then we have a larger panel for the last hour and a quarter. We'll start right away so that we give the maximum amount of time to the members for questions and answers.

From the National Energy Board we have Gaétan Caron, chair and chief executive officer, and Bharat Dixit, team leader, conservation of resources.

Welcome, gentlemen. Go ahead with your presentations, which will be somewhere around eight minutes, I hope. Then we'll get directly to the questions and comments.

Go ahead, please.

**Mr. Gaétan Caron (Chair and Chief Executive Officer, National Energy Board):** Thank you, Mr. Chair.

The National Energy Board is the federal regulator for offshore oil and gas drilling and production in Canada. At the same time, the areas off the shores of Nova Scotia and Newfoundland and Labrador are administered by joint federal-provincial offshore petroleum boards. The NEB has a close working relationship with these offshore boards and with other regulators in Canada and around the world. When an accident happens anywhere, we learn from each other. This is considered standard operating procedure for all safety regulators.

We have also been working with land claims agencies, such as the Inuvialuit Game Council, and for the past 20 years with communities that could potentially be affected by Mackenzie Delta and Beaufort Sea drilling.

The most recent authorization for offshore drilling issued by the board was for Devon Paktoa C-60. This exploratory oil well was drilled in about 11 metres of water, between December 2005 and March 2006. The previous offshore well drilled in this area was the Imperial Isserk I-15 well, which was drilled in 1989. This was also a shallow oil well. It was drilled in just 10 metres of water.

The earliest possible date on which future drilling may occur in the Beaufort Sea, if the NEB approves it, will be 2014. It will be at a depth of 700 metres. This contrasts with the BP Macondo MC252, in the Gulf of Mexico, in 1,500 metres of water, which is the subject of the current emergency response.

There are currently no active authorizations or approvals for offshore exploration or production activities under the board's jurisdiction.

[*Translation*]

What brings us here today is an accident of major proportion in the Gulf of Mexico. The NEB is actively monitoring this situation. The focus now is to stop the leak and protect the environment. Once this is done, people will be able to focus on explaining what happened, why, and what has been learned. On Tuesday, May 11, the NEB announced that it is starting a review of Arctic safety and environmental offshore drilling requirements in light of the oil spill in the Gulf of Mexico. Full details of this review will be announced and this process will be public and consultative.

[*English*]

The NEB administers the current Canada Oil and Gas Operations Act, known as COGOA; parts of the Canada Petroleum Resources Act, known as CPRA; and the Canada Oil and Gas Drilling and Production Regulations. These have very strong wording. These acts call on the NEB, when it considers whether to grant an authorization, to ensure that oil and gas activities are safe, that they protect the environment, and that they conserve oil and gas resources. Before any project is approved, the NEB must satisfy itself that the operator's drilling plans include robust safety, emergency response, and environmental protection plans that meet the board's high standards.

To make sure that we meet the strict requirements of the acts, the NEB relies on a team of skilled and experienced experts. The NEB has 85 people who focus entirely on safety, engineering, the environment, geoscience, socio-economic issues, and lands. NEB staff review every single application to make sure that workers and the public will be safe and that the environment will be protected.

[*Translation*]

In addition to making sure that applications meet the requirements of COGOA and its regulations, NEB staff conduct stringent environmental assessments to make sure that projects under our jurisdiction comply with the Canadian Environmental Assessment Act. An authorization for drilling and production activities will not be granted unless a comprehensive environmental assessment has been completed. Any project that is approved by the NEB is subjected to a number of conditions in areas such as safety, the environment and emergency response. To make sure operators comply with these conditions, NEB staff are out in the field conducting inspections and auditing the company's management plans.

● (0910)

[*English*]

For offshore projects, the operator also needs to obtain a certificate of fitness from an independent certifying authority to ensure that the vessel and drilling equipment are appropriate, are in good condition, and are capable of undertaking the proposed activity.

After drilling has been approved, the acts administered by the NEB board allow it to take over the management and control of any work or activity if the board is not satisfied that an operator is living up to its commitments. The acts provide for a fine of up to one million dollars, imprisonment for up to five years, or both. The board can also suspend or revoke authorization for failure to comply with the provisions of the acts, the regulations, or the authorization.

In the case of spills or incidents under the board's jurisdiction, the NEB is the lead federal agency. The operator is fully accountable and responsible for spills and damage. A critical requirement under the board's legislation is the need for companies to provide proposed emergency response and contingency plans. The board assesses these plans before any authorization to drill can be issued.

The board also has emergency response management programs. Our staff has participated in 22 spill-response exercises over the past five years. I have a number of examples in my speaking notes, and I'll just refer to them here. I'll just outline the first one, which is actually happening today in Inuvik. It is an orientation and communication exercise for a Beaufort Sea oil spill. That is just one of the examples of the many things that must happen as we move towards the possibility of offshore drilling in the Beaufort Sea.

With respect to liability, NEB-regulated companies are fully responsible for anticipating, preventing, mitigating, and managing incidents and oil spills of any size or duration. If there is a hydrocarbon spill and the operators are at fault, they are 100% responsible for paying all costs and damages. There is no limit to how much they would have to pay. If there is a hydrocarbon spill and the operators are not at fault, they are still responsible for paying costs and damages, up to a limit of $40 million.

Before drilling, the operator must provide the NEB with a financial security, which is available to the NEB to cover the cost of a potential cleanup. The National Energy Board determines the amount of the security deposit. There is no set maximum amount.

In addition, under the terms of the Inuvialuit Final Agreement, an operator is responsible for restoring damaged wildlife and for compensating Inuvialuit hunters, trappers, and fishers for their loss of subsistence or commercial harvesting opportunities. The NEB may require the operator to provide financial security for this amount up front.

[*Translation*]

In conclusion, the purpose of my testimony here today is to tell you why we at the National Energy Board believe we have in place both an adequate regulatory framework and the necessary emergency response assets. At the same time, we have a fundamental responsibility to review the lessons learned from the Deepwater Horizon accident in the Gulf of Mexico.

Thank you, Mr. Chair.

[*English*]

**The Chair:** Thank you very much, Mr. Caron, for what is a very helpful start to our study. This is an issue that is obviously important not only to those here but to all Canadians. And the importance of the regulator in that process I don't think can be overstated. So thank you very much.

We'll go directly now to questions, starting with Mr. Regan.

You have up to seven minutes. Go ahead, please.

**Hon. Geoff Regan (Halifax West, Lib.):** Mr. Chairman, I'll be sharing my time with Mr. Bagnell.

First of all, thank you very much.

[*Translation*]

Thank you very much for coming to meet with us today. We appreciate it very much.

[*English*]

You talked about the operator being fully accountable and responsible for spills and damage. That's an important principle. Of course, in the case of the Gulf of Mexico and what's happening there, I'm sure that's not much comfort to people who are worried about what's happening in the marshlands and wetlands and in the vast area affected by this, whether it's the shrimp boat captains—kind of a Forrest Gump thing—or whoever it may be. People are being affected by this. Wildlife is being affected. The long-term impact is enormous.

We have a situation in which BP apparently had blowout preventers that obviously didn't work. So why should we feel any more comfort in our case than they did? The fact that they're accountable and responsible for paying for it is good, but I think Canadians want to see that this kind of thing is prevented, not cleaned up over years afterwards.

**Mr. Gaétan Caron:** Mr. Chair, I certainly agree with the premise that the main focus of the regulation of offshore drilling is prevention. Blowout preventers are supposed to work. In one case—that we observe every morning now—we can see that a blowout preventer did not work.

**Mr. Geoff Regan:** The concern, of course, is that in the U.S. it seems like the regulator kind of relied upon...and in fact the vice-president of BP America has apparently said that they assumed the preventers would work, that BP assumed the blowout preventers would work. It doesn't give me a heck of a lot of comfort when I hear that kind of comment.

I want to know that you as the regulator are not just assuming that these kinds of measures are going to work.

**Mr. Gaétan Caron:** Absolutely not, sir. I can say with a great deal of confidence that the legislation that we administer initially puts the onus on an operator to propose to the National Energy Board why they believe their program is safe, why they believe the public will be protected, why the workers will be protected, and why the environment will be protected. It is up to us then, once this initial accountability has been discharged, to evaluate in detail the very programs, the very design, the very operating procedures, the very training programs that they propose for that.

If and when we decide that this is in the public interest to authorize drilling of a well offshore, it is then our continuing responsibility to inspect the activities of the company, audit their management systems, and be satisfied that the commitments made at the time of application are met throughout the project.

**Hon. Geoff Regan:** I know that Mr. Bagnell is anxious to ask some questions, but I just want to ask you, if the situation is okay now, then why are you doing a review of your process? If we have the best regulations supposedly in the world already, why are you reviewing your process, and what do you hope to learn?

**Mr. Gaétan Caron:** As I said, the basic attitude of a safety regulator is that you always want to learn from accidents anywhere in the world. Two weeks ago, we did not know what an incident of this kind looked like in the Gulf of Mexico. Today we know. We know how grave it has become.

What we don't know is what went wrong. Is it the blowout preventer? If so, was it a design flaw? Was it the metallurgy of the metals used in preparing the device? Is it about its operation? Is it about operator's error? We do not know. And we owe it to Canadian citizens to make every effort to learn from what will happen in weeks and months to come. People will reconstruct the scene. They will analyze the smallest amount of metal they can find in the sea bottom. They'll try to explain why it happened, and as a regulator, my commitment to the citizens of this country is to make sure that these learnings are incorporated into our actual specific regulatory actions on a day-to-day basis.

● (0915)

**The Chair:** Thank you, Mr. Regan.

We go now to Mr. Bagnell for about three minutes.

**Hon. Larry Bagnell (Yukon, Lib.):** Thanks. I'll try to ask quick questions and get quick answers.

The clear and present danger to Canada is actually right now Greenland and the U.S.A., before Canadian drilling. My understanding is the coast guard, not NEB, is responsible for that, if there's a spill coming in Canadian waters.

**Mr. Gaétan Caron:** This is correct, for a spill that occurs outside Canada. Once a spill arrives in Canada, the coast guard and other departments would be the lead.

**Hon. Larry Bagnell:** Thank you. So they would actually be our most important witness in these hearings.

In the Devon Paktoa C-60, the last Beaufort well, what did they have that was more safe than the Gulf of Mexico? First of all, did they have a relief well? Second, did they have the house-sized cut-off blowout machine that Macondo in the Gulf of Mexico has? What did they have, and what did they have that was better than the Gulf of Mexico well?

**Mr. Gaétan Caron:** What they had better than the current situation was that they were on standby, ready to drill a relief well if necessary.

**Hon. Larry Bagnell:** Which would take how long?

**Mr. Gaétan Caron:** They didn't have to drill one.

**Hon. Larry Bagnell:** But if they did, how long, roughly, would it take?

**Mr. Gaétan Caron:** I think Dr. Dixit might have an answer to that technical aspect.

**Dr. Bharat Dixit (Team Leader, Conservation of Resources, National Energy Board):** The mobilization of the equipment could have begun immediately, and the well would take approximately 30 to 60 days to reach.

**Hon. Larry Bagnell:** And did they have a blowout, big cut-off machine that the one in the Gulf of Mexico has?

**Dr. Bharat Dixit:** The Paktoa well was from a surface-based rig, and so they had physical access to the blowout preventers, yes.

**Hon. Larry Bagnell:** If an operator does not have the equipment and say we've got a spill in the Arctic—and I know the company is supposed to do it, but if they don't have the equipment—and we've got to get there within hours, if not days, which federal agency or department would have that equipment? I know NEB is responsible. Would you have it or would it be another federal department?

**Mr. Gaétan Caron:** We would not authorize a well if the company could not demonstrate to us that equipment on the part of the company will be there to action the response. The NEB doesn't have airplanes, and tractors, and equipment and boats, to go there, but we work in partnership with others.

**Hon. Larry Bagnell:** I've got one last question. Sorry to rush you.

The scientists say there's no way at the moment to clean up an oil spill after ice has been there any time. What would we do if there was an oil spill under the ice, then, in our Arctic?

**Mr. Gaétan Caron:** This is precisely the question that our act and our regulations require the operator to propose to us, and it is our job to assess whether this would be adequate and satisfactory. I cannot answer the question right now because we haven't had—

**Hon. Larry Bagnell:** But you've already allowed drilling.

**Mr. Gaétan Caron:** It was in shallow waters in the Mackenzie Delta.

**Hon. Larry Bagnell:** There's still ice.

**Mr. Gaétan Caron:** There is still ice, and there is a fragile environment. At the time, we did ask for environmental protection plans—

**Hon. Larry Bagnell:** That's my point.

Is that my time?

**The Chair:** Thank you, Mr. Bagnell.

We go now to the Bloc Québécois, to Madame Brunelle for up to seven minutes. Go ahead, please.

[*Translation*]

**Ms. Paule Brunelle (Trois-Rivières, BQ):** Thank you, Mr. Chair. If you have no objections, I would like to share my allotted time with my colleague Mr. Bellavance.

Good day, Mr. Caron, gentlemen.

Before it can begin drilling operations, a company must comply with a three-step security plan. As for your emergency response plans, your standards seem a little unclear. The regulations stipulate that these contingency plans must "provide for coordination measures with any relevant municipal, provincial, territorial or federal emergency response plan."

How does this actually work? Are these real requirements? Is there a specific emergency response plan in place? Does this emergency response plan ever get reviewed? Should any of the procedures be revised? The public is understandably concerned and wants to know where things stand.

For example, I live near a nuclear power plant. In Quebec, emergency response plans prepared by the Department of Public Safety are reviewed regularly. These plans include everything from communications to salt pills. What kind of plans does the NEB have in place?

**Mr. Gaétan Caron:** When a company files an application with the NEB for authorization to drill, the act and the regulations that you cited stipulate that the company must submit a safety plan, an environmental protection plan and an emergency response plan to address any incidents like the one that just happened.

It would be impossible for NEB regulations to cover every activity that could potentially affect the environment when drilling at a given depth. Therefore, the philosophy when drafting regulations is to regulate with an eye to results.

The aim of regulations is to provide a safe program, to protect the public and to protect the environment. We have a responsibility to evaluate these plans from a critical and professional standpoint, with the help of NEB experts. We must be satisfied that specific standards are being met, for the public's sake.

● (0920)

**Ms. Paule Brunelle:** Obviously, no one expects a disaster to strike and often, it strikes where we least expect it to. In the wake of the explosion involving the Deepwater Horizon drilling platform, do you have any plans to amend your regulatory framework? Have you given any thought to doing that?

**Mr. Gaétan Caron:** Yes indeed. Two days ago, on May 11, we announced a comprehensive review of our safety and environmental measures for underwater drilling. For now, we are letting US authorities focus on what's important, namely stopping the oil leak and protecting the environment.

In the coming weeks and months, we will look at the events that transpired, and why they happened and how this kind of accident can be prevented. Any information gleaned from this review will be incorporated into our regulations which, if necessary, will be strengthened.

**Ms. Paule Brunelle:** One thing troubles me a little. The NEB's vision is described as follows in your Strategic Plan 2010-2013: "The NEB is active and effective in Canada's pursuit of a sustainable energy future". As I see it, that means the NEB will try and ensure adequate energy supplies. Will the NEB try and achieve that goal regardless of circumstances and setting aside regulations and other problems? Given these objectives that, in my view, are more of a commercial nature, I'm concerned about the environment.

**Mr. Gaétan Caron:** You correctly quoted the NEB's vision statement. Our strategic plan is a one-page document that must be read it its entirety. You will note that our two first strategic goals are to ensure a safe and secure energy sector and to protect the environment.

As part of our vision, we want to assure Canadians that they can continue to consume whatever form of energy they want, and to enjoy the quality of life they have always enjoyed. This is all part of our strategic plan.

**Ms. Paule Brunelle:** I will now let Mr. Bellavance continue.

**Mr. André Bellavance (Richmond—Arthabaska, BQ):** When did the NEB last review its safety requirements?

**Mr. Gaétan Caron:** This is an ongoing process. Each day, each week and each month, we are in touch with U.S. officials, with the Minerals Management Service, with British authorities and with Norway.So then, the learning process is ongoing.

When a major incident like this one occurs, we have a duty to pause, to take stock of the incident and to incorporate any lessons learned into our regulatory model.

**Mr. André Bellavance:** Generally speaking, when was the last time that you carried out a review of this nature?

**Mr. Gaétan Caron:** I would have to say it was in 1999. We updated our pipeline regulations, because the NEB also regulates natural gas and oil pipelines in Canada. We are responsible for safety in this area and for protecting the environment. We updated our pipeline regulations in 1999 to make them results oriented and to ensure that, as a regulator, we remain responsible for safety issues and for protecting the environment as well as workers.

**Mr. André Bellavance:** However, with respect to deep sea drilling operations—

**Mr. Gaétan Caron:** This is the first time.

**Mr. André Bellavance:** And yet, you talk about drawing some lessons from the disaster now occurring in the Gulf of Mexico. I think the situation is now completely out of control. Quite frankly, I thought that in 2010, we had the technological know-how, not to prevent accidents—because it's impossible, unfortunately, to prevent all accidents—but to avoid this kind of environmental disaster. Perhaps I was naive, but we do not have that ability. I think back, for example, to 1988 when a similar disaster occurred off the coast of Scotland. I imagine the NEB looked into that incident. The British government of the day decided to suspend all operations until the results of the investigation were released.

Has the NEB had any similar thoughts when considering the disaster in the Gulf of Mexico?

**Mr. Gaétan Caron:** We reflect upon our current situation. In the past 10 years, the board has authorized the drilling of one well. So then, there was no need to do an overall assessment. There is a possibility that the oil sector will want to invest in the Beaufort Sea and carry out some operations as of 2014.

As you pointed out, given the disaster unfolding in the Gulf of Mexico, it is critically important that we take a look at what is happening. And so, we are conducting a comprehensive review of our requirements, to be certain that we understand why the disaster happened and how it can be prevented. Then, we will adjust our regulations accordingly.

● (0925)

**Mr. André Bellavance:** My understanding is that you are taking a precautionary approach. Before authorizing any new drilling operations, you at least want to have a clear understanding of what is taking place right now.

**Mr. Gaétan Caron:** Absolutely.

[*English*]

**The Chair:** *Merci, Monsieur Bellavance.*

Now we go to the New Democratic Party, to Mr. Cullen for up to seven minutes. Go ahead, please.

**Mr. Nathan Cullen (Skeena—Bulkley Valley, NDP):** Thank you, Chair.

Thank you to our witnesses.

I agree with our chair that this is critical for Canadians. I'll try to keep my questions short so that we can have some dialogue.

Is it true to say that globally, and particularly as well for Canada, we are moving from conventional, relatively known sources of oil increasingly towards unconventional, deeper, more far-flung projects, as we seek oil energy across the globe?

**Mr. Gaétan Caron:** It is true generally, sir.

**Mr. Nathan Cullen:** Yes. So we're entering into some new territory. What happened in the gulf was the use of equipment at depths that had not been tried before, and the preventers and all of the "schemes" that they've been using since have also never been tried at these depths before.

In a sense, then, we're testing in the field. We're operating a laboratory as to what may or may not work when it comes to blowouts of oil in deep water. Is that true?

**Mr. Gaétan Caron:** The depths that are currently being drilled are very deep. I cannot speak for the two offshore boards, but I can speak for our board. In Canada we haven't had this situation. The earliest we could face that, at about half the depth that is now currently drilled in the gulf, would be 2014.

**Mr. Nathan Cullen:** When Canadians read about this and watch the news, one question that comes to mind is can this happen here? Can what happened in the Gulf of Mexico and the blowout with British Petroleum also happen in Canadian waters?

**Mr. Gaétan Caron:** No safety regulator can possibly say that an accident will never happen. It is our job to prevent that to the best of our abilities, and at the same time, as a last resort, if the worst-case scenario emerges, to not have to think about it: to be absolutely ready, at T equals zero, to move in.

So that's the philosophy of safety regulations throughout the world. Nobody can promise that nothing will ever happen again.

**Mr. Nathan Cullen:** Right. So then the importance of having strong rules and regulations becomes increasingly urgent. Is that true?

**Mr. Gaétan Caron:** I agree.

**Mr. Nathan Cullen:** So a question, then, with regard to the mandate of the National Energy Board. Part of your vision was read out into the record earlier. Do you see yourselves as a promoter of the oil and gas industry?

**Mr. Gaétan Caron:** Absolutely not.

**Mr. Nathan Cullen:** It's interesting, because I have a quote from you in 2005, where you believe that the NEB's number one priority is to "contribute to innovation and economic growth and to reduce the administrative burden on business"..

Did you say that?

**Mr. Gaétan Caron:** I said that—

**Mr. Nathan Cullen:** That sounds like a promoter of the oil and gas industry.

**Mr. Gaétan Caron:** —in the context of resources that our staff must invest in processes that are administrative in nature, and the necessity to be accountable to the people of Canada for processes that only take the time necessary to do a superb job.

**Mr. Nathan Cullen:** The concern has been raised that we have been moving from rules and regulations to guidelines, goal-oriented guidelines. You referred to them earlier.

In the U.S. it's a regulation, where companies must prove the best available and safest technology. That's a rule. It's not a guideline, and it's not goal-oriented.

Switch over to Canada in 2009, where you moved from a regulation to a guideline that says that the equipment must be adequate and "reliably operating". This seems a lot less secure to me.

Can you tell me why not?

**Mr. Gaétan Caron:** I will start by citing the very purpose of the Canada Oil and Gas Operations Act. Section 2.1 of the act says that the purpose of the act—which we administer—is to promote safety, the protection of the environment, and conservation of oil and gas resources. By law, our focus can only be that. Our regulations then require us to evaluate thoroughly any proposal by any corporation to drill any well, anywhere in our jurisdiction.

**Mr. Nathan Cullen:** Yes, but in that evaluation—and this is my point—the move from regulations and hard rules to goal-oriented guidelines that ask for adequate and reliably operating equipment is a little like setting a speed limit on the highway and saying, "Our goal-oriented rule here is that you drive safely. You determine the speed, you determine what kind of car you drive and how your drive, but just hit the goal of driving safely."

We would never do that.

● (0930)

**Mr. Gaétan Caron:** That's right.

**Mr. Nathan Cullen:** We would never set a fire code that way.

Why, for heaven's sake, would we have a goal-oriented, non-regulatory, non-rule-based system for something as dangerous as deep offshore drilling?

**Mr. Gaétan Caron:** Our thinking has been guided by best practices in regulation. The first example I will mention is Norway. The U.K. has followed, and Brazil just converted to goal-oriented regulation.

The basic tenet of goal-oriented regulation is that you regulate for the outcome—as you say, for the safety. Even if you drive at the speed limit, it doesn't mean you are driving safely. So our regime combines some prescriptive elements with, more and more, an accountability on the part of the operator to prove to us that their specific solution for a specific environment, for a specific well, is safe.

**Mr. Nathan Cullen:** Let's talk about that proof, because in the U. S. a company must demonstrate financially their ability to drill a relief well. That is not true in Canada.

**Mr. Gaétan Caron:** As I read in my opening statement, and maybe I did not express this properly—

**Mr. Nathan Cullen:** They must prove a financial capacity to do it in the U.S., but not so in Canada. The way the rules are in Canada right now, they must say they have the ability to drill a same-season relief well, but not necessarily the financial ability to do so. That's not a requirement in Canada.

**Mr. Gaétan Caron:** No, it is a requirement, sir. As I said in my opening statement, if there is a spill and the operator is at fault, they are 100% responsible to pay for all costs and damages.

**Mr. Nathan Cullen:** Yes, but not to prove it up front—

**Mr. Gaétan Caron:** In addition, before drilling, the operator must provide us with financial security. This security is available to us to cover the costs of a potential cleanup. The National Energy Board determines the amount of that security, and there is no set maximum amount.

**Mr. Nathan Cullen:** Sir, let's be clear here: a relief well is not a cost incurred in cleanup. A relief well—

**Mr. Gaétan Caron:** Oh, I misunderstood you; I apologize—

**Mr. Nathan Cullen:** I want to get to this notion of the same season. You folks had all of the oil companies in front of you saying that they wanted to lift the regulation that said they must be able to drill a same-season relief well. So if there's a blowout, they have to prove to you—and they still do today, because the rule hasn't changed—that they can come in and drill another well. That looks like what they're now going to have to do in the gulf. There are all of these hare-brained schemes for trying to stop a blowout at 1,500 metres of water. They are not working. A relief well is one of the most secure ways; you agree with this.

Is it possible to have an oil operation in the Arctic in a predominantly ice-filled environment and have same-season relief wells also available to a company?

**Mr. Gaétan Caron:** That is precisely the question we were asking ourselves in response to a company wanting us to replace this methodology with something else. With the events in the Gulf of Mexico, we decided to cancel that hearing and to take a broader perspective, not only on that device but also everything else that makes the outcome of safety—

**Mr. Nathan Cullen:** So do we know?

**The Chair:** Mr. Cullen, your time is up.

Can you give just a quick answer to that?

**Mr. Gaétan Caron:** I missed the last question.

**Mr. Nathan Cullen:** I asked, do we know whether you can this or not? Can you do a same-season relief well in an Arctic environment?

**Mr. Gaétan Caron:** No, we don't.

**Mr. Nathan Cullen:** We don't know that.

**Mr. Gaétan Caron:** No. We have to examine that in detail, with a technical focus based on evidence, based on the best technical expertise around the world, and we'll apply that to Canada when we find it. We do not have that today, sir.

**Mr. Nathan Cullen:** Thank you.

**The Chair:** Thank you, Mr. Cullen.

Now to the government side, to Mr. Allen, and if there's time left, to Ms. Gallant, I think.

**Mr. Mike Allen (Tobique—Mactaquac, CPC):** Potentially.

**The Chair:** Okay. Go ahead, Mr. Allen.

**Mr. Mike Allen:** Thank you, Mr. Chair.

Thank you to our witnesses for being here.

I just want to pick up on what Mr. Bagnell was talking about in terms of the deep wells. I just want to make sure that it's clear to me, because from what I understood from your two bullet points, the two wells that have been approved to this point in time are in 11 and 10 metres of water, respectively. So they're not deep wells to this point in time.

In terms of those, what safety plans and safeguards were in place when those shallow wells were approved?

**Mr. Gaétan Caron:** We had plans in place that were reflective of the simpler environment in which the drill was being made. The structure that was drilling the well was firm on ice and the bottom of the ocean.

As to the details of these plans, not in great detail but the key elements, if you'll allow me, Mr. Chair, I'll ask Dr. Dixit to outline a bit the safety and emergency response provisions of these plans.

**The Chair:** Go ahead, Mr. Dixit.

**Dr. Bharat Dixit:** Devon's plans to us were that they were monitoring the progress of the well and that they had equipment that was ready to be deployed, as I had answered earlier, available at very short notice—hours, as opposed to days or weeks—should indications suggest that the well was going out of control. So that was the primary one.

The second thing in terms of response—should that not be successful—is around the containment and cleanup. Because the ice was landfast, not moving, there was a much easier mechanism for us to capture and clean the ice than there would be, for instance, where we have an open pack condition.

**Mr. Mike Allen:** Okay.

That's good, because you take me to my next question. One of the comments you made is that when drilling has been approved, if the board is not satisfied that an operator is living up to its commitments, the board can sort of take over. You went through a bunch of these, but you said "tabletop" exercises, which is a little different from actual.

Have you actually had to do that—get involved and take over management control—and if you did, how would you do that?

● (0935)

**Mr. Gaétan Caron:** We haven't had a full-scale exercise where we simulated the NEB taking over an activity. As the time approaches for the potential for an application to be filed with us to possibly approve, with conditions, such an activity, the board would be ramping up its efforts, both in terms of desktop exercise and in-the-field exercise, to be ready. It's not only us; there's a lot of interdependency with the coast guard, with the Inuvialuit people, and with the other governments involved. At that time, we will ramp up the specifics of getting practice in emergency response, including taking over if necessary.

**Mr. Mike Allen:** If I understand correctly, you have 22 people working on this type of thing all the time. Is that true? Did I see that?

**Mr. Gaétan Caron:** We have about 400 people working at the board. We have about 85 people whose career is directed towards safety, protection of the environment, and geophysics in the physical sites. In all cases their unique focus is to protect the public interest.

**Mr. Mike Allen:** You talked in here about "robust" plans. Can you explain some of those? Given what's happened in the gulf, can you explain some of the fail-safe technologies that are used, and how you define "robust"?

**Mr. Gaétan Caron:** Well, "robust" is defined by professional judgment and experience. Two weeks ago, I would have given you a different answer from what I'm giving you today. Today I would say I'm not so sure that blowout preventers can be relied upon the way they've been designed to date.

That's why a goal-oriented regulation is far superior to a prescriptive one, because a prescriptive regulation would have said a blowout preventer should look like this. It should have the following features. It should be that big or that small. I exaggerate, of course, but a prescriptive regulation stipulates a given solution, a preconceived solution.

With what we will learn from the gulf, we will have to reassess everything we've assumed in terms of what makes an operation like that safe and environmentally sound.

**Mr. Mike Allen:** So has there been any discussion on any different technologies that Canada now should be considering as opposed to what was in place at the gulf and obviously didn't work?

**Mr. Gaétan Caron:** This is to come, sir. It will come as a result of the board reviewing what happened in the Gulf of Mexico and what we must learn from it and apply in Canada.

**Mr. Mike Allen:** Do you have any kind of a timeline as to what you'd be thinking about?

**Mr. Gaétan Caron:** The only timeframe I have, sir, is to let the Americans get on with the business of stopping the leak and protecting the shores and the environment, and after that, when we can get their attention, learn from them.

**Mr. Mike Allen:** I have a question in terms of your interaction with what is going on in the gulf and being part of the actual lessons learned in this whole experience. I guess I want to take it from the top end, when the fire originally started. With the explosion and the fire and then putting this whole thing out, has there been any discussion with respect to how the fire was put out and the impact that might have had on the well and the pipe actually breaking?

**Mr. Gaétan Caron:** We know well the people at the MMS, and we know that the thing they don't need right now is a call from Canada, from the NEB, asking what's going on. They would welcome a call of, yes, we're willing to help. Transport Canada is already helping with trying to identify the location of spills. But there's not much we can do, as a regulator, to help stop the leak and protect the environment at this time; we're the regulator.

So we're trying very deliberately to leave them to focus on their current task. Then, when we all want to learn together, when the situation is stabilized, then we'll go deep in that undertaking.

**Mr. Mike Allen:** I don't want to make a play on words here, but do you have a pipeline for that information that is coming back to you?

**Voices:** Oh, oh!

**Mr. Gaétan Caron:** We have a bunch of red phones that work all the time. People know each other, and it's easy to get information.

It's remarkable how the best of human nature emerges when there is an emergency. Competitive behaviours and jurisdictions evaporate instantly. People want to help. We've seen that with Katrina and we're seeing that now. We will continue to see that, so that's not an obstacle.

In terms of learning, learning about what's happening now doesn't help the American authorities and the industry to stop the leak, so we're just staying out of their way for now. I don't know for how long, but certainly as long as it takes to stop the leak.

**Mr. Mike Allen:** You said you approved one application in 10 years?

**Mr. Gaétan Caron:** It was a well by Devon. It was an exploratory well in the Mackenzie Delta; approval was in 2004, and the activities were in 2005 and 2006. The well was Paktoa C-60.

● (0940)

**Mr. Mike Allen:** How long did it take to go through the approval process for that well?

**Dr. Bharat Dixit:** It was approximately 90 days.

**Mr. Mike Allen:** Nine days?

**Dr. Bharat Dixit:** Ninety.

**Mr. Mike Allen:** Okay.

Thank you, Chair.

**The Chair:** Thank you very much, Mr. Allen.

We have very little time left, but if we could have two minutes for the question and answer from the official opposition, and then two minutes from the government side, that will be the end of the time.

Divide the time as you like, but Mr. Tonks, I think it will probably go to you.

**Mr. Alan Tonks (York South—Weston, Lib.):** Thank you, Chair.

With regard to the offshore agreements with the Canada-Newfoundland and Labrador Offshore Petroleum Board and the Canada-Nova Scotia Offshore Petroleum Board, I understand that the regulatory regime kicks in when it comes under their jurisdiction.

**Mr. Gaétan Caron:** Yes.

**Mr. Alan Tonks:** They have the same regulatory regime as the national board?

**Mr. Gaétan Caron:** It is comparable with a few differences. For instance, we have no business at the board in terms of land sales and the rights administration. We do strictly the regulatory safety environmental protection aspects. Their mandate is slightly broader, I would say.

**Mr. Alan Tonks:** That's my next question. The environmentally protected assets would be activated by those boards, or would they be together with the national board?

**Mr. Gaétan Caron:** No, in areas of their jurisdiction, they have exclusive jurisdiction. We just don't get involved in drilling offshore in Newfoundland and Labrador.

**Mr. Alan Tonks:** You've had some simulations with respect to environmental spills, which you cited in your report. Have those offshore boards also had similar simulations?

**Mr. Gaétan Caron:** I can't recall. We could verify that and let you know, but I don't think my information here stipulates that. We'll undertake to provide that to the clerk.

**Mr. Alan Tonks:** I think the committee would like to have chapter and verse with respect to that kind of probability.

Relief wells appear to be the fail-safe. I know it's premature to draw that absolute conclusion, but does the NEB regulatory framework make it mandatory if the NEB says that's what has to happen? Is that the legal regime that compliance would have to occur under?

**Mr. Gaétan Caron:** It is our policy, and industry knows that. That is why last fall they filed an application by letter to have us vary that and replace it with something else. We stopped that hearing because we thought the issue now with the Gulf of Mexico required closer and broader attention.

**Mr. Alan Tonks:** I appreciate that, but would you say your terms of reference in terms of focus are more looking at relief-well capability, simultaneous to development?

**Mr. Gaétan Caron:** Moving forward?

**Mr. Alan Tonks:** Yes.

**Mr. Gaétan Caron:** It includes that as a key element. It's the last line of defence, though. In the gulf right now, we already know that to finish that first relief well will take three months.

**Mr. Alan Tonks:** I'm saying that possibly, in retrospect, that should have been the first line of defence.

**Mr. Gaétan Caron:** Possibly.

**The Chair:** Thank you, Mr. Tonks.

We go now to Ms. Gallant for up to two minutes. Go ahead, please.

**Mrs. Cheryl Gallant (Renfrew—Nipissing—Pembroke, CPC):** Thank you, Mr. Chairman.

Through you, how, if at all, is your organization—and, for that matter, oil companies—required to work with the government operations centre, formally OCIPEP, the Office of Critical Infrastructure Protection and Emergency Preparedness?

I'm wondering too a bit about security. Are there no-fly zones around the air space near oil rigs? Are there security checks on the workers who work on the rigs? In terms of perimeter security, you mentioned that you review their plans. Is there a perimeter security plan for the location of the oil rigs?

**Mr. Gaétan Caron:** Dr. Dixit has specific answers for that, if you would allow him to answer the question.

**Dr. Bharat Dixit:** The first question that I recall was around whether there is a zone where outside parties cannot come in. There is a safety zone around the drilling platform, approximately 500 metres around, so it's only authorized entry that can be permitted.

I'm sorry, I cannot recall the rest of your questions.

**Mrs. Cheryl Gallant:** Do you coordinate with or do exercises with the government operations centre?

**Dr. Bharat Dixit:** Yes, we're very much part of that. In fact, my team leader is dealing with those security and safety matters right now, today, in Ottawa.

**Mrs. Cheryl Gallant:** And are there any no-fly zones in and around oil rigs?

**Dr. Bharat Dixit:** There is no no-fly zone, primarily because they are quite remote. The one that is being proposed for the Beaufort Sea is approximately 180 kilometres away, and nobody would actually want to fly over there just for the fun of it.

● (0945)

**Mrs. Cheryl Gallant:** Is there any type of security check required on people who work on oil rigs?

**Dr. Bharat Dixit:** That's generally done by the operators themselves to make sure they are drug-free, they have clean records, etc.

**Mrs. Cheryl Gallant:** Thank you.

**The Chair:** Thank you very much, Ms. Gallant.

Thank you to both of you, gentlemen, for coming today. This has been a really helpful start to our study and we have had some good information here today. So thank you very much.

Gentlemen, probably some members of the committee will want to have a short chat with you away from the table.

We will suspend the meeting while our next group of witnesses comes forth.

● _____ (Pause) _____ ●

**The Chair:** We will resume the meeting.

We have a considerably larger panel this time.

Welcome to all of you.

We'll just go through the presentations in the order in which the groups appear on the agenda. After everyone has made their presentations, we'll go to questions from the members.

Again, thank you all very much for being here.

We'll start with Anne Drinkwater, president of BP Canada.

Just go ahead and start with your presentation. I'll introduce the others as we get to their presentations. Go ahead, please.

● (0950)

**Mrs. Anne Drinkwater (President, BP Canada Inc.):** Mr. Chairman, members of the committee, thank you for the opportunity to speak to your committee today.

I have some prepared remarks relating to the April 20 incident on the Transocean Deepwater Horizon drilling rig and on the resources and expertise BP is bringing to bear in the spill response effort.

Just over three weeks ago, 11 people were lost in an explosion and fire aboard the Transocean Deepwater Horizon drilling rig, and 17 others were injured. My deepest sympathy and condolences go out to the families, friends, and colleagues who have suffered such a terrible loss, and to those in communities along the gulf coast whose lives and livelihoods are being impacted.

The root cause of this tragic incident is unknown at this time, and figuring out what happened and why it happened is a complex process. We are cooperating with the joint investigation by the departments of Homeland Security and the Interior and investigations by the United States Congress.

In addition, BP has commissioned an internal investigation, whose results we plan to share so that we can all learn from these terrible events. As a responsible party under the Oil Pollution Act, we will carry out our responsibilities to mitigate the environmental and economic impacts of this incident.

I would like to acknowledge the support that BP is getting from the industry, from federal, state, and local authorities, and from the affected communities. The response is being managed within a unified command that was established within hours of the accident. Overall there are approximately 13,000 people involved. And I know that the Government of British Columbia has also offered emergency response technicians to the United States Coast Guard.

BP responded quickly and aggressively to the spill, and we continue to attack this very aggressively on three fronts: in the subsea, to stop the flow of oil and secure the well; on the surface; and on the shoreline. Our number one priority is to shut off the flow.

In the subsea, we are pursuing multiple options in parallel. We are working on an operation, known as “top kill”, aimed at stopping the flow of oil from the well. This essentially works by injecting multi-sized particles to plug the blowout preventer, or BOP, followed by using heavyweight drilling mud and ultimately cement to permanently seal off the well. This is a proven industry technique and has been used worldwide, but never in 5,000 feet of water.

We are also working on two relief wells. Work on the first relief well, which began on Sunday, May 2, continues. As of May 10, it had reached 9,000 feet, and it is expected to take some months to complete. The second relief well will commence at the end of this week.

Moving on to containing the flow, we are also continuing the work on a subsea oil recovery plan using a containment dome that will sit over the leaks and direct oil upward though a pipe. A containment dome measuring about four feet in diameter and five feet high is being readied to lower over the main leak point. This small dome will be connected by drill pipe and riser lines to a drill ship on the surface to collect and treat oil. It is designed to mitigate the formation of large volumes of hydrates.

In summary, BP continues to do everything it can in conjunction with governmental authorities and other industry experts to find a solution to stem the flow of oil on the seabed or contain it before it reaches surface.

On the surface, BP has launched a massive operation. BP's team of operational and technical experts are working in coordination with several federal and state agencies, organizations, and companies. As I said, approximately 13,000 people are involved in the response, including shoreline defence and community outreach.

● (0955)

Over 1.5 million feet of boom has been installed to contain the spill and protect sensitive coastal areas, with more than a million more feet available.

Over 500 response vessels are being used, including skimmers, tugs, barges, and recovery vessels. These include specially built oil spill response vessels with two oil-water separators. This allows for continuous response operations, as separated water can be decanted back into the boomed area. There are 37 aircraft, both fixed-wing and helicopters, that are deployed to support the response effort.

We are also attacking the area with coast guard approved biodegradable dispersants, which are being applied from planes and boats. We have also developed and tested a technique to apply dispersant at the leak point on the seabed. The EPA is carefully analyzing options for the possible future use of this technique.

To protect the shoreline, we are implementing what the United States Coast Guard has called the most massive shoreline protection effort ever mounted. Fourteen staging areas, in four states, have been set up to protect sensitive shorelines. We have rapid response teams ready to deploy to any affected areas, to assess the type and quantity of oiling so the most effective cleaning strategies can be applied.

The community response has been superb. We have 1,000 local vessels contracted for a variety of tasks and more than 4,000 volunteers who have been trained to assist.

We intend to do everything in our power to bring this well under control and to mitigate the environmental impact of the spill. I can assure you that we, and the entire industry, will learn from this terrible event and emerge from it stronger, smarter, and safer.

This concludes my remarks, Mr. Chairman.

**The Chair:** Thank you very much for your presentation, Ms. Drinkwater.

We will now go to the second presentation. From the Canadian Association of Petroleum Producers, we have with us today David Pryce, vice-president of operations; and Paul Barnes, manager, Atlantic Canada.

Welcome, gentlemen. Go ahead with your presentation of somewhere around eight minutes.

**Mr. David Pryce (Vice-President, Operations, Canadian Association of Petroleum Producers):** Thank you, Mr. Chairman, and members of the committee.

As a Canadian association we're able to provide broad industry views on policy and regulation, as well as information on the state of the industry. We're not able to talk, obviously, about the circumstances of the Gulf of Mexico—as I say, we're a Canadian organization—and neither are we able to speak specifically to company plans.

CAPP appreciates the opportunity to convey our initial thoughts both on the emergency response assets and on the current policy and regulatory regime for offshore oil and gas drilling and production, as noted in this committee's invitation to appear. We're also prepared to contribute further information as may be required or useful as this study proceeds.

CAPP and its members certainly believe that the incident in the Gulf of Mexico is a tragic and unfortunate event. It is in the interest of all stakeholders that we collectively take the time to consider the findings and recommendations arising from this investigation of the incident. This measured approach will allow us to fully understand the circumstances under which this incident occurred and assess whether there is an opportunity to improve our regulatory system or industry operating practices. Canadians, governments, and industry all have a vested interest in achieving the right outcomes from this study.

We have a number of key themes for this study today. To provide some context, the International Energy Agency projects that world energy demand will grow by about 40% over the next 20 years, with crude oil and natural gas expected to meet 40% of that growth in demand.

Global offshore crude oil production represents about 38% of the world's energy supply, and the Canadian offshore crude oil production represents about 12% of Canada's crude energy supply.

The offshore regulatory regime and industry operating practices have evolved over a number of decades, resulting in a robust regulatory system in place today.

All forms of energy development do pose environmental and safety risks. The challenge for government policy, and regulators and indeed industry collectively, is to take reasonable measures to mitigate the risks such that incidents are unlikely to occur, and then to be prepared to respond in the event an incident does occur. Again, as I said, we need to make sure we take the time to learn from the gulf incident prior to determining what the next steps might be.

With respect to the emergency response assets, we believe we should be targeting both an understanding of prevention and an understanding of the measures of preparedness. Both government's and industry's focus is on prevention first. That means understanding the risks and the measures that can be taken to control those risks.

Industry approaches all activity with a goal to complete that activity without incident or injury. Risk is assessed and mitigative measures are applied to achieve a risk level that is as low as is reasonably practicable without eliminating the possibility of conducting an activity. Companies having gone through that assessment will determine whether or not they think there is reason to proceed, and if they do, they will propose those risk strategies as part of their application, which is then subject to the judgment of acceptability by the regulator.

In addition to meeting corporate and regulatory expectations with respect to prevention, companies must also demonstrate capability to respond to any incident with a view first to containment, and ultimately recovery and cleanup. Response capability means ensuring access to necessary equipment. It also means ensuring an effective management system, typically referred to as an incident command system, which integrates companies and regulatory agencies to provide and define leadership responsibilities and execution throughout the duration of an incident. Training is a key component of competent response capability, and companies are required to conduct response exercises on a frequent basis.

With respect to Atlantic Canada response capability, operators typically employ a three-tiered response capability system with respect to equipment. Tier one would involve company-owned equipment on site. Tier two would involve equipment contracted and locally situated onshore, and companies may have their own stock of equipment onshore. Tier three would be internationally situated equipment. This provides for immediate response capability and scalable access to more equipment as needed. All this needs to be lined out before approvals are obtained.

The Eastern Canada Response Corporation is an entity that provides a third party supply of that equipment in Atlantic Canada and it is an entity certified by Transport Canada under the Canada Shipping Act.

● (1000)

With respect to northern Canada, there is currently no industry spill response equipment in the Arctic offshore, as there is no activity at the moment. Industry would put in place, and would expect to be required to put in place, a spill response plan, with equipment, and presumably with a similar strategy as employed on the east coast with tiered response capabilities. These plans would certainly be fit for a purpose to meet the expectations of Arctic operations, and operators would be required to have their spill response capability in place to receive approval to drill or produce.

With respect to the regulatory requirements, every offshore operator must have authorization from a requisite board to pursue offshore activity, and authorization submissions from operators must include a safety plan, an environmental plan, and a contingency plan. All three plans must provide extensive details on how a company will meet expectations with respect to equipment, personnel, and processes in the areas of safety, environmental protection, and contingency.

All plans must meet the regulations of the federal and provincial governments and the guidelines of the offshore petroleum boards, and plans are approved prior to activity occurring. The application for authorization also must include, in the case of a drilling installation, a description of the drilling and well control equipment, and in the case of production installation, a description of the processing facilities and control equipment.

Drilling a relief well is also an option and can be pursued in the event of a blowout. Companies would have those plans identified as they make their applications. I think it’s important to understand that companies don’t view that as the immediate response. It needs to be ready and available as quickly as possible, but they also need to be looking at what they can be doing throughout the incident.

The offshore boards from Newfoundland and Nova Scotia and, presumably, the NEB, when there’s activity in the north, would do regular inspections of the operators to ensure equipment is in place, it meets regulations, and it is functional, and functional in real-time circumstances.

The northern operators are additionally required to follow the same-season relief well capability policy. It’s a policy that was established in 1976 and requires companies to demonstrate their ability to drill a same-season relief well. We've already heard that the board is intending to review that policy, and in fact is expanding that review in a broader sense. CAPP supported the premise of the review and we support the premise of the broader review. I’m sure our members in the association would be interested in engaging in that.

With respect to the regulatory adequacy, the industry has been operating in Canada's offshore since the late 1960s. During this time, hundreds of wells have been drilled, and there have been incidents; there have been four blowouts, two in the north and two in Atlantic Canada. I think the most recent ones in Atlantic Canada were in the 1980s. Anytime we have incidents, we and the regulators take the opportunity to learn from those.

I think one can take from this that there is an effective regulatory regime and sound operating practices by industry in place to manage the risks. Having said that, it doesn’t mean we should be complacent. As such, we support this study and the intent of it. We support the NEB's plans to do a review as well. We would also point out, and I think you understood it from the NEB, that there are periodic reviews of any of the regulations that are in place.

In recent years, the regulatory regimes around the world have been moving from a more prescriptive model to a goal-oriented model. Canada has also been moving in that direction. Goal-oriented regulation is not intended to decrease the standards or weaken the regulation. It is intended to put a higher onus on industry to be accountable for its decisions and to be compliant, and it also requires the operators to design their operations to be the most effective and fit for purpose, allowing both for innovation and incorporation of new practices. Industry remains accountable for what they do and the regulator remains accountable to ensure that we meet the goals of the regulations.

To conclude, risk management is a fundamental premise of public policy. It's evident everywhere, from rail and air travel to our road system, so it's not unique to the oil and gas industry.

● (1005)

The current regulatory system is designed to minimize and manage risk in a way that is deemed to be sufficiently protected and recoverable such that Canada's offshore resource can be developed.

Industry accepts that the study and other regulatory reviews that occur from time to time may identify opportunities for improvement of regulatory requirements. In fact, we continually contribute to those reviews to provide our advice around that.

So we would encourage a balanced approach, drawing on the learnings from the gulf, to any changes contemplated that provide for an appropriate level of protection while still enabling the possibility of development of this important offshore resource.

Thank you.

**The Chair:** Thank you very much, Mr. Pryce.

We'll go now to our third group of witnesses, who are from the Inuvialuit Game Council: Lawrence Amos, who is the treasurer; Norman Snow, who is the executive director; and Steven Baryluk, who is the resource management coordinator.

Welcome, gentlemen.

Go ahead, Mr. Amos, with your presentation.

**Mr. Lawrence Amos (Treasurer, Inuvialuit Game Council):** Hello. My name is Lawrence Amos. I am a harvester from Sachs Harbour, Northwest Territories. I am also the treasurer for the Inuvialuit Game Council, the land claims body that represents the collective Inuvialuit interests in wildlife.

l am here today on behalf of the chair, Frank Pokiak, who was unable to be here. He sends his regrets.

With me is Norm Snow, executive director, and Steve Baryluk, resource management coordinator.

The Beaufort Sea, our ocean, means everything to the Inuvialuit. It means there is a future for our people to live off. The wildlife in our area is very significant, but so is the ice. The animals that are there need the ice. These animals evolved and adapted to the arctic conditions, and they would have a lot of difficulty living anywhere else. The Beaufort Sea has a lot of wildlife that the Inuvialuit depend on. These include beluga whales, seals, many kinds of fish, polar bears, and all the creatures that make up the ecosystem that they depend upon.

Also important are the bowhead whales. The Inuvialuit last hunted a bowhead whale in 1996, but we still have the right to harvest them if we choose. Our ocean is the summer feeding ground for the bowheads. Our relatives, the Inupiat in Alaska, depend on bowheads as a significant part of their annual food source. We must ensure that they are not impacted by what happens in our waters.

The Inuvialuit know that the ocean is a very difficult place, not only for animals but also for man. We have a lot of respect for the ocean and the animals that live there because we know how difficult it is to live there. These animals that come from the Beaufort Sea have provided clothing, food, and other valuable resources for our survival since we have lived there. There was nothing wasted from harvested animals. Even if animals are struck and do not recover, we know they go back into the cycle of life.

The Government of Canada should respect the Inuvialuit culture to the fullest and try its best to protect this fragile environment. The government should he happy that Canada has a culture that can survive in this harsh environment. Any oil spills or well blowouts would have a devastating impact on the Beaufort ecosystem and on the ability of the Inuvialuit to continue their traditional lifestyle.

We as Inuvialuit are not new to offshore oil and gas development. We experienced the previous cycle of offshore exploration thirty years ago. Many Inuvialuit worked in the offshore industry at that time, but now companies are moving into deeper waters in the Beaufort that have never been worked in before. The same concerns about the risks of oil and gas development that existed back then still exist today. This is why the Inuvialuit Game Council, on January 21 of this year, reaffirmed its position on the existing government's same-season relief well policy for the Beaufort Sea.

The Game Council continues to support the requirement for same-season relief well capability, or an equivalency that would provide an equal or greater level of protection for the environment and wildlife in our region. The Game Council does not support any exemption to the same-season relief well policy, recognizing that it was developed for shallow water drilling.

When the National Energy Board started its hearing process to review the same-season relief well policy, the Inuvialuit Game Council registered as an interested party. We have been involved in consultations with Imperial Oil on their plans for their Ajurak Beaufort drilling program.

● (1010)

They have been assuring the Inuvialuit people that a blowout is very unlikely to happen and that if a kick was experienced, they would have a blowout preventer in place that would prevent a blowout. These blowout preventers are similar to the ones used in the Gulf of Mexico, but with more rams, which provides some redundancy.

To date, we have not heard from BP specifically on what their plans are for their similar drilling program in a licensed area adjacent to Imperial's. We have been given to understand that it would be similar to Imperial's Ajurak project and likely using the same drilling system. With the recent blowout in the Gulf of Mexico, the communities will likely have less faith to take industry at its word.

The council has been dealing closely with the issue of the same-season relief well for the past five or six years, prior to and during Devon's drilling of the Paktoa well in 2005-06. At that time, the developer was required to build an ice pad for a relief well before drilling into the risk zone. The ice pad was unable to be constructed because of the landfast ice forming later that year, likely as a result of the changing climate. The company was granted a waiver on the relief well requirement by the National Energy Board. The Inuvialuit Game Council was not informed that this waiver had been granted, and when we did find out the council was upset. Since that time, the National Energy Board has made significant efforts to fix this issue, is more attentive to the Inuvialuit Game Council and the community concerns, and communicates with us regularly.

With respect to the Gulf of Mexico tragedy, it is clear that the blowout preventer did not work. In the Gulf of Mexico, the capacity to respond to a spill is far greater than anything available in the Arctic, both in terms of equipment and manpower. In light of this, it has really hit home that there is no way that a similar response would be possible in the Beaufort Sea, or anywhere in the Canadian Arctic, should a major oil spill ever happen. This is why the Inuvialuit Game Council has been, and continues to be, very concerned and very supportive of the same-season relief well requirements now in place as a last resort should an uncontrolled blowout occur during offshore drilling.

*Quyanainni* . Thank you for the opportunity to speak with you today.

● (1015)

**The Chair:** Thank you very much, Mr. Amos, for your presentation. It is very much appreciated.

We now go to the last group of witnesses today. From the Nunavut Tunngavik Inc., we have Raymond Ningeocheak, vice-president, and we have with us as well Andrew Dunford, policy adviser on the environment.

Welcome to both of you.

I understand the presentation will be in Inuktitut. It won't make any difference for anyone listening through the interpretation devices, but it may take just a little bit longer.

Go ahead with your presentation, please, sir.

**Mr. Raymond Ningeocheak (Vice-President, Finance, Nunavut Tunngavik Inc.) (Interpretation):** I am very pleased that you have invited me here this morning to speak on the important subject of offshore oil and gas drilling and production in Canada.

My name is Raymond Ningeocheak, and I'm vice-president of finance for Nunavut Tunngavik Incorporated.

Nunavut Tunngavik Incorporated is the organization that signed the Nunavut Land Claims Agreement in 1993. We represent Inuit living in Nunavut, and that is about 85% of the population of our territory. I'll speak to that later on.

As an organization, it is our responsibility to ensure that our land claims agreement is implemented and that Inuit interests are protected and advanced.

Nunavut is a maritime community. The word itself means “our land”, but with the possible exception of Baker Lake, all Nunavut communities are coastal regions. I want to emphasize this.

I will not speak too long, but I will give some geographic facts to you.

Our shores make up 35% of the world’s arctic coastline—twenty times more than Alaska. We include three of the ten largest islands in the world. Our northern tip is only 770 kilometres from the north pole.

Inuit are traditional and current harvesters of the resources of the sea. This reality is reflected in the Nunavut agreement. We need to remember that the preamble states that Inuit assert an aboriginal title to the Nunavut settlement area “based on their traditional and current use and occupation of the lands, waters and land-fast ice therein”.

Later, the preamble states that one of the objectives of the Nunavut agreement is:

> to provide for certainty and clarity of rights to ownership and use of lands and resources, and of rights for Inuit to participate in decision-making concerning the use, management and conservation of land, water and resources, including the offshore;

There are 42 articles in the Nunavut agreement, and 14 of these refer directly to marine areas. Article 15 is the most obvious, because its title is “Marine Areas”, but there are direct references to marine areas in 13 other articles.

In other words, marine areas are at the heart and centre of the Nunavut agreement. The facts are there.

The articles are as follows: article 5, “Wildlife”; article 6, “Wildlife Compensation”; article 8, “Parks”; article 9, “Conservation Areas”; article 11, “Land-Use Planning”; article 12, “Development Impact”; article 15, “Marine Areas”; article 16, “Outer Land Fast Ice Zone—East Baffin Coast”; article 23, “Inuit Employment Within Government”; article 24, “Government Contracts”; article 25, “Resource Royalty Sharing”; article 27, “Natural Resource Development”; article 33, “Archaeology”; and article 34, “Ethnographic Objects and Archival Materials”. So you can refer to those.

● (1020)

Sometimes we wake up only when something happens. We don't think about it until something disastrous happens. Right now, we have seen the Gulf of Mexico oil spill that is really serious. When is it going to be cleaned up? How long is it going to take and how long is it going to have an effect on the resources and on the Inuit of the north?

We are lucky that nothing like this has happened so far in the Arctic. We know what happened with Exxon Valdez in Alaska. We were not prepared for the Exxon Valdez spill, and 20 years later it is still affecting the environment and the animals up there.

In the Arctic, our infrastructure is undeveloped. Our remoteness and lack of local resources mean that any spill would be much more difficult to respond to, in a timely way, than further south.

As someone said earlier, the ice pack up north makes it more difficult, too, because they're not up there right now. There has never been any training or education in case of a large-scale spill in the Arctic. The Department of Fisheries and Oceans is currently planning a small-scale exercise in conjunction with "Operation Nanook", but as I mentioned, this is small-scale.

Our closest response team would be in Goose Bay, Labrador, in terms of air support from the Department of National Defence and wherever the closest coast guard might happen to be.

We are very concerned about the spill in the Gulf of Mexico today.

I'm having difficulty with my eyes. I'm trying to hurry, so I made a mistake here. I'll have to go back to where I missed. Thank you for your patience, Mr. Chairman.

● (1025)

We are really looking at this from the Nunavut perspective. As I said, the presence of sea ice would make any effective response even more difficult.

We understand that in Canada the National Energy Board commenced the consideration of drilling policy applicable to the Beaufort Sea in February, but broader consideration is required. This is a broad question, and events in the Gulf of Mexico show that spillage has effects far beyond the energy sector. As well, there are international considerations. The spillage has effects beyond us.

The oceans wash on all shores. Not long before the Gulf of Mexico blowout, on March 31 of this year, President Obama said he would allow the development of oil and gas leases off the coast of Alaska, notably in the Chukchi and Beaufort seas. In the east, Greenland recently licensed approximately 12 offshore exploration licences in Davis Strait, near Baffin Island.

Besides reviewing our own drilling regulations and requirements, we must ensure that we are comfortable with the practices of neighbouring countries. Minister Prentice is quoted on CBC Radio news on May 10 as saying that he has discussed Greenland's exploration licences with the home rule government and that the environment will be protected.

We are pleased to hear that the issue has been raised with the Greenlandic government, but we would like more information on exactly how the environment will be protected. We are not comfortable with simple assurances. The terms and conditions under which development occurs in the Arctic from exploration to drilling to shipping must ensure the protection of our environment and the continuation of our traditional way of life.

We must not endanger opportunities in other emerging industries, such as commercial fishing. There is a lot of fish up there between Greenland and Canada. There is a lot of harvesting in that area, so of course we are concerned about this.

Nunavut Tunngavik urges the committee to do the following things.

● (1030)

One, endorse the general principle that any future offshore oil and gas drilling and production in the Arctic should proceed only on the basis of the most rigorous international environmental standards available. This would need to include adopting best practices from around the world.

Two, beyond this general principle, support the adoption of supplementary environmental protection measures that address unique Arctic circumstances and vulnerabilities.

Three, reject the Canadian government's December 2009 relaxation of mandatory offshore drilling regulations. There was a decision, as reported in the *Ottawa Citizen* of May 11, to ensure that environmental management of oil and gas drilling and production contain mandatory and reliable safeguards applicable to all projects.

Four, endorse the proposition that the timing and pace of development of oil and gas should balance two primary considerations: the energy security of Canadians and the socio-economic well-being of Inuit and other permanent residents of the Arctic, and should contribute to a larger Canadian and global strategy to reduce dependence on hydrocarbons and thereby mitigate climate change impacts.

Five, recognize that the participation of Canadian Inuit, who have local knowledge of unique and fragile Arctic conditions and geography, is vital to decision-making on Arctic emergency response—for example, on site selection for placement of remote response infrastructure.

Six, review, in light of recent oil spills, the adequacy of the ship-source oil pollution fund as set out in the Marine Liability Act.

And seven, carefully review and consider the recommendations in the Arctic Council's Arctic marine shipping assessment 2009 report.

For western Arctic people living up there, the current is slower than the eastern Arctic Ocean. In the Kivalliq and Qikiqtarjuaq regions it is very much faster, considering the environment is different, and we also need to consider the icebergs.

Thank you for this opportunity, Mr. Chairman. If you have any questions with regard to this presentation, we are here.

● (1035)

**The Chair:** Thank you, Mr. Ningeocheak.

We will now get directly to questions. We'll have to shorten the time to six minutes each.

We will start with Mr. Bagnell, from the official opposition.

**Hon. Larry Bagnell:** Thank you. *Ullaakut*.

Inuvialuit Game Council and NTI, your presentations were very helpful and, I think, self-explanatory. *Nakurmiik*.

For Ms. Drinkwater—if it could be really short answers, as I want to get all my questions in during this shortened time—could you briefly compare the Canadian and the American systems, both of which you're applying to for wells? Is it roughly the same type of safety, or is one more stringent than the other on what you would have to do to drill a well?

**Mrs. Anne Drinkwater:** I haven't carried out a detailed comparative evaluation of the two regulatory regimes, so it would be inappropriate for me to respond to that question.

**Hon. Larry Bagnell:** Could you get back to us on that? Thank you.

As you probably heard earlier, when we asked NEB why the Beaufort well was safer, they said it was because they required relief well drilling equipment right there. It could have been done right away, quicker than the Gulf of Mexico.

Considering that, why would you have asked for an exemption—if that was the case in the one well that's been drilled, that we referred to—why would you ask for an exemption from NEB for drilling a relief well in the same season?

**Mrs. Anne Drinkwater:** Let me be clear about our position on that.

The NEB commenced the same-season relief well review, and as a participant in that review, BP registered. In that registration, we said that BP is not rejecting the option of a relief well, but we are acknowledging the challenge of drilling a relief well within the same season, which is a reason for the NEB to carry on and do the full review.

**Hon. Larry Bagnell:** So even after you see what happened in the gulf, you're withdrawing that request to review an exemption from building a relief well in the same season.

**Mrs. Anne Drinkwater:** The submission we made was to be a participant in the hearing. We haven't rejected the option of pursuing a relief well. I think it's very important, with the investigations going on, to allow those investigations to conclude, and then for ourselves and the industry to take the lessons learned from those investigations and apply them in the specific and very unique circumstances of the Beaufort.

● (1040)

**Hon. Larry Bagnell:** Okay. And that might lead to your withdrawing.

As the Inuit said, and actually as I mentioned in question period, the most clear and present danger is the Greenland drilling in the next few months.

David, I was shocked that you said there's no response equipment in the north at the moment. If the oil spill from there or from the American drilling were to drift into our waters, and we have no equipment in the north to respond to that, it could be disastrous.

**Mr. David Pryce:** The Canadian industry isn't active in the north, and therefore it does not have its own equipment in the north. I can't speak for the American industry. I would expect, though, that they would have requirements to have their own response capability for their own waters.

**Hon. Larry Bagnell:** No, I wasn't referring to the Canadian industry, I was referring to the Canadian government. When it comes into Canadian waters, obviously someone has to clean it up. It's not going to be a Canadian company, because they're not doing the drilling. It's Greenland, or American.

So we have no equipment in the north; that's very frightening, actually.

**Mr. David Pryce:** Let me clarify: the Canadian industry does not have equipment in the north. I can't speak to what the Canadian government would have. I would expect that the coast guard and perhaps Transport Canada may have some assets. I don't know that.

**Hon. Larry Bagnell:** Okay. It would be a good thing for our committee to know.

Ms. Drinkwater, or CAPP, Mr. Regan wanted to know why you would not have drilled a relief well in the Gulf of Mexico when you built the original well. In the Beaufort, if you can't build it in the same season, why would you not drill a relief well at the same time as the original well—as opposed to letting oil spill out for an entire year?

**Mrs. Anne Drinkwater:** In BP, in concert with the entire industry, our first focus is on prevention, so that is preventing any incidents from taking place. Clearly, in this instance the fail-safe device, the blowout preventer, did not work.

Our second response is one of spill response and cleanup. With regard to the Arctic, I think it's very important that we wait for the study and for the investigations to complete and as an industry take the results and findings from those investigations into the review of the same-season relief well policy.

**Hon. Larry Bagnell:** I only have a few seconds left. I'd just like industry and NEB to mull around my thought of a goal-oriented regime but with mandatory minimums.

Also, in this hearing so far, no one except the Inuit has really talked about ships or any other way; I mean, the oil has to get from the rig to somewhere else. I think we have to look at that.

Finally, to BP, do you agree with the scientists who say there's no way, technically, to clean oil up under ice at the moment, or a major spill under ice cover?

**Mrs. Anne Drinkwater:** I'm sorry, but was that a question for the NEB or for me?

That was a question for me. Okay.

I'm not an expert in oil spill techniques in an Arctic environment, so I would have to defer to other experts on that.

**The Chair:** Thank you, Mr. Bagnell.

We go now to the Bloc Québécois.

Madame Brunelle, you have up to six minutes.

[*Translation*]

**Ms. Paule Brunelle:** Good day, gentlemen, Madam.

Ms. Drinkwater, you stated that your number one priority was to shut off the flow of oil. You indicated in your presentation that you would be drilling a relief well, and later a second relief well.

Is it not true that you would like to stop the NEB from approving the drilling of relief wells? In French, we have two expressions, a "puits de secours" and a "puits d'appoint". Is there a difference between the two? In my opinion, you should reverse your position where relief wells as concerned. If there is a difference between these two types of wells, could you please explain it to me?

[*English*]

**Mrs. Anne Drinkwater:** I want to be very clear that in our submission to the National Energy Board, we were very clear that we're not rejecting the option of drilling a relief well. We are citing the challenge of drilling a relief well within the same season.

Clearly, there is good cause for the NEB to look at the current provisions as they relate to relief well policy; the specific and very challenging attributes of the unique circumstances of the Arctic; and to consider how, as an industry, under their auspices, we do safeguard the environment there.

● (1045)

[*Translation*]

**Ms. Paule Brunelle:** Is this the first time that BP Canada has managed a disaster of this magnitude? If so, how have you gone about this task? In the wake of the incident, have you prepared a specific plan of action to do things differently? At times, we get the feeling that your company officials are like sorcerers' apprentices. You respond, but you don't really have a clear plan of action in place should a disaster strike.

[*English*]

**Mrs. Anne Drinkwater:** The action plan we're following is a very well-set-out action plan, and it sits within an overall spill response plan that was designed at the time we applied for the well. So it also sits within an instant command system structure that exists in the United States. These plans are set out and are well resourced, and they are precise in some areas in terms of shore protection, and they also have flexible elements to allow for the rapid staging up of any response effort.

So I believe our plans are very solid. They've been applied from day one, and as the coast guard has noted, this is one of the most massive efforts that has been put on by any industry participant.

[*Translation*]

**Ms. Paule Brunelle:** You may have a clear plan of action, but it's not working, at least for now. I hope that you do find some solutions.

Mr. Barnes, you represent the Canadian Association of Petroleum Producers. I was surprised to hear you say in your opening remarks that when explosions occur, there are some lessons to be learned. These are not very reassuring comments.

Have you improved your procedures? Have recent events prompted you to change your way of doing things? Did an internal alarm sound, telling you to do things differently?

[*English*]

**The Chair:** Mr. Pryce, go ahead.

**Mr. David Pryce:** Thank you.

I guess what we're saying is that when these events occur, it's important to understand what happened and to learn from them. This industry has been active for many decades. I think we've grown a great deal of expertise, but I don't think it would be wise for us to assume that we would have all the answers at this point in time. A continuous improvement in the regulatory regime and the operating practices are really important to make sure that we are state-of-the-art, that we are current.

**The Chair:** You have roughly a minute and a half, Madame Brunelle.

[*Translation*]

**Ms. Paule Brunelle:** Good day, Mr. Amos.

Correct me if I'm wrong, but you stated that you were not against the drilling of oil wells in the Beaufort Sea. However, you support the requirement for relief well capability.

From an economic standpoint, is this type of development important to your community? Is your support for relief well capability based on studies that you have done, or on other research? Has your opinion changed at all in light of the oil spill in the United States?

[*English*]

**Mr. Lawrence Amos:** Maybe I'll ask Norm Snow to answer that, if you don't mind.

**The Chair:** Go ahead, Mr. Snow.

**Dr. Norman Snow (Executive Director, Inuvialuit Game Council):** Thank you very much.

As Lawrence was saying, we have been involved with the same-season relief well capability policy in a lot of detail in the past five years, since the Paktoa well. Prior to that, as Lawrence said, there has been a lot of experience with Inuvialuit themselves, because they've worked on the rigs in the earlier era of offshore exploration, they haven't done any work themselves, but they have always kept themselves apprised of what the difficulties are in having to drill a relief well in the same season. As you're probably aware, it's not really a very straightforward matter.

The policy was designed for shallow-water wells, such as the landfast ice wells that have been talked about earlier in these hearings. In deepwater, the season is intended to be longer than one year and it's rather difficult to apply holus-bolus the initial requirement for a relief well, for shallow-water wells, to deepwater drilling. I think that is why the NEB was calling for that complete overhaul. The Inuvialuit Game Council, like others, I think, is awaiting the outcome and the lessons learned from the tragedy in the Gulf of Mexico to see how this system can be improved.

● (1050)

**The Chair:** Thank you.

*Merci, Madame Brunelle.*

We'll go now to Mr. Cullen for about five minutes.

**Mr. Nathan Cullen:** What happened to six minutes? Nice try, Chair.

**The Chair:** Four and three-quarter minutes now.

**Mr. Nathan Cullen:** I'll take my six, with pleasure.

The question here today is that, while it's not pleasant, I think it's responsible for us to consider what it would look like to have the disaster that's happening in the gulf right now happen in Canadian waters. That is what is before us. That is the question before us. Is it possible, and if it were possible, what would it look like to have a massive oil spill such as what's going on in the gulf? The only difference, I suggest, is that it would be worse, particularly in the Arctic.

In terms of the cleanup, we're hearing from the senior person at British Petroleum that we don't know if we can get oil out of ice, yet the oil companies are asking to drill in areas that are predominantly ice-filled waters.

It seems to me that what happened in the Gulf of Mexico was something that the oil companies said couldn't happen, and in fact, in British Petroleum's submission, said it had a one in 300,000 chance of happening. Well, it's not one in 300,000 any more.

Would you agree, Ms. Drinkwater, that the relief well regulation is, in a sense, a safety rule, something put in place to mitigate a blowout, something put in place to allow the company to stop a blowout from doing what it's doing in the gulf right now?

**Mrs. Anne Drinkwater:** A relief well is a response effort to an incident that has already happened. The focus that we have, and that the industry has, is on the prevention of incidents in the first place, obviously. That is why it's very important, as an industry and as a company, to take the results of the investigations that are going on and look at how we can properly apply those preventative measures. That has to be our first priority.

**Mr. Nathan Cullen:** Two weeks before your rig caught fire, blew up, and sank in the gulf, spilling a minimum of 5,000 barrels of oil a day—and one of your executives is claiming to Congress that it may be as many as 50,000—your company was in front of Canadian regulators asking for the relief well requirement to be lifted. You stood in support of British Petroleum's request to no longer require relief wells. I have your submission here with me.

Do you think that was a bad thing to ask for? And do you still support British Petroleum and other oil companies' request to remove that safety regulation?

**Mrs. Anne Drinkwater:** Our submission was in support of reviewing the policy and, as I've already iterated, we don't reject the option of a relief well, but we do believe, with the particular circumstances in the Arctic and the difficulty that Mr. Snow has already outlined of achieving a relief well in the same season, that a review is—

**Mr. Nathan Cullen:** You said it's too expensive.

**Mrs. Anne Drinkwater:** It's not a question of cost.

**Mr. Nathan Cullen:** Your submission does say it's a question of cost. You say that the proposed operations on the Beaufort could require commitments in excess of $1.5 billion before the regulatory processes are complete. You cite money because you're concerned about money, which is understandable because that's your mandate. Your job is to maximize profit for shareholders. That is clear.

Let's get into British Petroleum for a second. Last year you were fined $66 million under regulations that you already knew about. In 2005 you were fined $50 million in the accident in Texas that killed 15 workers and injured another 170. You're now facing an additional $85 million in fines. The Health and Safety Executive of the United Kingdom has cited British Petroleum for failing to ensure the safety of their employees and others not in their employ by not providing and maintaining a system of work for the control of that operation that was, so far, reasonable and practically safe.

British Petroleum, on its website, claims to be a company that is rebranded. It's beyond petroleum. I suppose that's not necessarily so much true. In the United States the President has proposed a $10 billion fund to assist in the cleanup. He has also delayed any more issuing of leases for offshore drilling until we know what happened in the gulf.

Do you think that would be prudent for Canada as well, Mrs. Drinkwater?

● (1055)

**Mrs. Anne Drinkwater:** To answer your first question about our submission on the same-season relief well, in our submission, you will note, we have not rejected the option of drilling a same-season relief well. We do cite the technical challenges with regard to drilling a well in that same season.

Moving on to our efforts in the Gulf of Mexico, we are on record as saying that we will continue to aggressively attack the cleanup, and we will pay all legitimate claims against us.

**Mr. Nathan Cullen:** If a relief well can't be drilled—

**The Chair:** Mr. Cullen, excuse me, your time is up.

We'll go now to Mr. Anderson, for five minutes.

**Mr. David Anderson (Cypress Hills—Grasslands, CPC):** Thank you, Mr. Chair.

First I want to point out that Mr. Cullen can afford to—

**The Chair:** Mr. Cullen, on a point of order.

**Mr. Nathan Cullen:** Very quickly—I don't want to take Mr. Anderson's time—I'm just confused as to why it went six minutes, six minutes, and then dropped to five minutes.

**The Chair:** The clock got away a little bit. The answers were a little longer than you had anticipated. Have a look at the clock, Mr. Cullen. We have less than five minutes.

Now let's allow Mr. Anderson his five minutes.

**Mr. David Anderson:** Now I get four minutes.

Anyway, Mr. Cullen can afford to imagine the worst, but the reality is that we are protecting the environment in this situation. There is no drilling. There is no authorization for drilling. There is no early approval. We heard this morning it's going to be at least four years. We have a current review of the regulations and a focus on lessons learned, so he can imagine whatever he wants, but we actually have to deal with reality, and I think we're doing that.

I would like to ask—this is just a technical question—what are the present requirements for blowout prevention? Does anybody know?

Mr. Pryce.

**Mr. David Pryce:** I would have to say I don't think this group has the technical expertise to respond to that.

**Mr. David Anderson:** I just assumed that your association or BP would have some idea, given the nature of this hearing, what the requirements are for blowout prevention in the wells.

**Mr. David Pryce:** We could undertake to get that to this group.

As a partial answer to your question, there are typically three things that are expected of the industry from at least the board on the east coast: to have either full prevention and a remote vehicle system, or an acoustic system, or an automatic fail-safe system to operate the equipment down-hole. I'm not an expert on those things, but typically, at least one of those three things is intended to ensure that the equipment functions in the event of an incident.

If you need further technical information, we can undertake to provide that.

**Mr. David Anderson:** We might have to.

Maybe this is going beyond what you know, but air brakes on vehicles are on when the vehicle is shut down. You have to activate the vehicle, and start it up, before the air brakes come up. Do you know if there is any similar type of technology involved with drilling that shuts the flow down unless it's activated?

**Mr. David Pryce:** I do not.

**Mr. David Anderson:** Okay, we'll maybe save that.

Ms. Drinkwater, do you—

**Mrs. Anne Drinkwater:** It would be best to convey those questions to a technical expert on the matter.

**Mr. David Anderson:** Okay. Maybe I'll move then to relief wells, because Mr. Bagnell raised the question on those.

Mr. Pryce, I assume you could tell us about some of the challenges of drilling a relief well alongside a regular well while you're drilling. Is it a good idea? What are the challenges? What are the considerations that need to be taken there?

**Mr. David Pryce:** My understanding of a relief well is that it needs to intersect the well bore of an uncontrolled well, so that well bore would need to be in place before you get the relief well down there.

**Mr. David Anderson:** You need one well in place first. I assume you'd typically want the well to be productive before you would be willing to spend that kind of money.

**Mr. David Pryce:** Sorry, can you say that again?

**Mr. David Anderson:** There are probably two things. One is that you need the well bored there as well. But you drill wells and sometimes they're productive and sometimes they're not?

**Mr. David Pryce:** Correct.

**Mr. David Anderson:** Do you think it's unrealistic to require a relief well to be drilled in this situation in order to accommodate the safety concerns?

**Mr. David Pryce:** No, I think virtually every company has a relief well strategy for all of their offshore plans. It's not the only strategy, I guess I would stress. They are looking at all the other ways to kill a well, should it occur. But all of them in their contingency plans, I would expect, would have contemplated a relief well.

**Mr. David Anderson:** As a final question, there are some Canadian firms who are already in the gulf. I understand there are some containment companies there. Do you know what Canadian companies are doing in the gulf to help out? How are they already involved?

**Mr. David Pryce:** Sorry, I can't tell you. They don't share what their operations are outside of Canada. It's not something that comes into the Canadian association.

● (1100)

**Mr. David Anderson:** Okay.

**The Chair:** Thank you very much, Mr. Anderson.

I thank all the witnesses for coming today. Your information is very helpful.

Also, thanks to the National Energy Board members, who I noticed stayed and listened to your comments. That's important too.

We will be back to this on the Tuesday after the constituency work week.

The meeting is adjourned.

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