

**CANADA - NOVA SCOTIA OFFSHORE PETROLEUM BOARD**

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EDP41,019, EDP41,020, EDP41,021,  
EDP41,022, EDP41,023 &  
OF-Fac-Gas-E112-2006-02 (NEB)

December 20, 2006

Ms. Donna Morykot  
Regulatory Lead  
EnCana Corporation  
Deep Panuke Project  
1701 Hollis Street, Suite 700  
Halifax, Nova Scotia B3J 3M8

Dear Ms. Morykot:

**Re: Canada-Nova Scotia Offshore Petroleum Board (CNSOPB) Public Review  
National Energy Board (NEB) Hearing Order GH-2-2006  
Joint Directions on Procedure (JDOP)  
Information Requests (IRs) BP-Ben-001 through BP-Ben-005 and DPA-HSO-002  
through DPA-HSO-008**

In accordance with paragraph 12 (c) of the JDOP, the CNSOPB hereby submits the attached IRs to EnCana.

EnCana's response to this letter will be considered part of its applications and shall be made available for public information. The examination of the applications is ongoing and further information requests may be issued.

EnCana is directed to file with the Secretariat its response to CNSOPB IRs BP-Ben-001 through BP-Ben-005 and DPA-HSO-002 through DPA-HSO-008 by January 12, 2007. EnCana is further directed to serve copies of its response and this letter on the parties to this application.

Sincerely,

Michael S. McPhee  
General Counsel

/pkw

Attachment

cc: Mr. Robert G. Grant, Q.C., Stewart McKelvey  
Mr. Shawn H.T. Denstedt, Osler, Hoskin & Harcourt L.L.P.  
Ms. Debi Noye, Deep Panuke Coordinated Public Review Secretariat

EDP40,210 - F3

## CNSOPB Information Request

**EnCana**  
**Deep Panuke Offshore Gas Development Plan Application** ☐  
 OR  
**Deep Panuke Offshore Gas Development Benefits Plan** ☒  
 OR  
**Socio-Economic Impact Statement** ☐  
 OR  
**Environmental Assessment** ☐

<u>Ref. No.</u>		
BP-Ben-001	<b>Reference:</b>	Canada-Nova Scotia Benefits Plan, Volume 3, Section 3.2, Table 3.1
	<b>Preamble:</b>	Under section 3.2, Table 3.1, under Research & Development, "EnCana is committed to initiating and supporting <u>applied</u> research and development, in Nova Scotia and other Canadian provinces, associated with East Coast offshore petroleum activities."
	<b>Request:</b>	Will EnCana consider initiating and supporting other types of research and development such as Experimental Development, Basic Research, Support Work (i.e. work that qualifies for Scientific Research & Experimental Development tax credits)? Please provide examples of the type of initiatives which EnCana intends to initiate and support.
BP-Ben-002	<b>Reference:</b>	Canada-Nova Scotia Benefits Plan, Volume 3, Section 3.4
	<b>Preamble:</b>	Under section 3.4, Procurement Principles "EnCana is committed to increase the capabilities and capacity of the Nova Scotia supply community as it develops Deep Panuke, and has agreed to a minimum level of opportunities guaranteed for Nova Scotians if the Deep Panuke Project proceeds. These specific opportunities are described in detail in Section 4, and include EnCana's pledge to complete construction of a supply vessel in Nova Scotia, to commit financial and human resources to facilitate the development of the capability of an onshore drilling rig manufacturing operation in Nova Scotia, as well as commitments that specific components of the Deep Panuke Project will be undertaken in Nova Scotia with minimum person hour commitments."
	<b>Request:</b>	What specific initiatives has EnCana implemented to increase the capabilities and capacity of the Nova Scotia <i>offshore</i> supply community as it develops Deep Panuke?
BP-Ben-003	<b>Reference:</b>	Canada-Nova Scotia Benefits Plan, Volume 3, Section 3.4 Procurement Principles and Section 3.4.1, Figure 3.1 Procurement Process, Appendix A, page A-8, Section 3.1, bullets three and six

	<b>Preamble:</b>	<p><u>Under section 3.4, Procurement Principles</u></p> <p>"First consideration" will be provided to Nova Scotia suppliers where competitive. First consideration will be addressed in the following manner:</p> <ul style="list-style-type: none"> <li>• at the bid development stage, every reasonable effort will be made to ensure qualified Nova Scotia suppliers are included on all bid lists and enquiry documents; and</li> <li>• at the bid evaluation stage, if it is determined that two or more bids are essentially equal on a best value basis, the bid with the highest Nova Scotia <u>content</u> will be selected.</li> </ul> <p><u>Under Section 3.4.1, Figure 3.1 Procurement Process, Bullet 9.0</u></p> <p>"Evaluate Bids considering value of Nova Scotia/Canada <u>content</u> for long term support and infrastructure"</p> <p><u>Under Appendix A, page A-8, Section 3.1, bullets three and six</u></p> <p>Current Cumulative "Nova Scotian", "Other Canadian" and "Non-Canadian" <u>content</u> are detailed.</p> <p>An officer of CONTRACTOR's company must certify the report has been prepared in accordance with Generally Accepted Accounting Principles, reconciled to the records of the CONTRACTOR, and has been verified to supporting evidence of <u>content</u> classification.</p>
	<b>Request:</b>	<p>Please provide the definition for "content" as noted above and explain how EnCana intends to evaluate expenditure content as part of the procurement process. If EnCana proposes to use an alternative industrial benefits measurement for expenditures and employment other than the Canadian General Standards Board (CGSB) Definition of Canadian Content, which has been the standard historical approach to measuring offshore benefits, please give the reasoning for the alternative approach.</p>
BP-Ben-004	<b>Reference:</b>	Canada-Nova Scotia Benefits Plan, Volume 3, Section 5.3 Project Employment
	<b>Preamble:</b>	<p><u>Reference - Deep Panuke Benefits Plan - 5.3.1 Employment Commitments</u></p> <p>In addition to providing full and fair opportunity for all Canadians and first consideration to qualified Nova Scotians to participate in employment required for the Deep Panuke Project, EnCana has guaranteed a minimum level of employment in the OSEA signed with the Province of Nova Scotia. EnCana has committed to providing one million three hundred and fifty thousand (1,350,000) Person Hours, which will include not less than eight hundred and fifty thousand (850,000) Nova Scotia Person Hours, for the work scope described under Section 3 of the OSEA.</p>

		<p><u>Reference - Deep Panuke Benefits Plan - 5.3.2 Predevelopment Engineering and Project Management</u> During the predevelopment phase of the project from 2001-2005, approximately 660,000 hours of employment was required for Pre-Development Engineering and Project Management.</p> <p><u>Reference - Deep Panuke Benefits Plan - 5.3.3 Development Phase Employment</u> EnCana estimates that approximately 4,500,000 hours of work will be required to carry out the work from 2006 to first production in late 2010, including all engineering, project management, subsea work, fabrication, construction, pipeline installation, drilling and completions, hook-up and commissioning.</p> <p><u>Reference - Deep Panuke Benefits Plan - 5.3.4 Production Operations Phase Employment</u> EnCana estimates that approximately 370,000 hours of work will be required annually during the Production Operations phase of the project. Over the 13.3 year life of production in the Pmean case, this equates to approximately 4,900,000 hours of employment. Production Operations Phase employment is longer term than Development Phase employment and represents the largest portion of the permanent employment that will be created by the Project. Accordingly, Production Phase jobs will allow Nova Scotians to work in the oil and gas industry and live in Nova Scotia.</p>
	<b>Request:</b>	Please provide the estimated number of Nova Scotian, other Canadian and Non-Canadian person hours for each phase as noted above for the project. In addition, please utilize the CNSOPB definition for a Nova Scotian person hour when calculating the estimates.
BP-Ben-005	<b>Reference:</b>	Canada-Nova Scotia Benefits Plan, Volume 3, Section 3.4 Procurement Principles, Section 3.4.2 Contracting Strategy & Section 3.4.3 Contractor and Union Obligations, Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act Section 45(2), CNSOPB Industrial Benefits and Employment Plan Guidelines Nova Scotia Offshore Area, Section 1.0
	<b>Preamble:</b>	<p><u>Under Section 3.4.2, Contracting Strategy</u></p> <p>"Contract Elements 1, 2 and 3 will be a direct cost paid by EnCana during the Project execution phase and will follow traditional contract and commercial arrangements for this type of work."</p> <p>"At the core of EnCana's Contracting Strategy is the selection of a principal Contractor, through a competitive bid process, who will provide the necessary Project financing and guarantees for the provision of a fully engineered, fully compliant and fully operational MOPU owned and operated by the principal Contractor on behalf of EnCana as the Operator of Record (Contract Elements 4 &amp; 5)."</p>

		<p><u>Under Section 3.4.3, Contractor and Union Obligations</u></p> <p>"In order to ensure that its contractors adhere to the principles in this Benefits Plan (DPA Volume 3), EnCana will require a clear contractual obligation from all contractors to adhere to this Benefits Plan (DPA Volume 3) and report their Benefits performance to EnCana. This contractual obligation will be in a form similar to that shown in Appendix A for EnCana contracts and requires completion of a "Benefits Report Summary" as illustrated in Appendix A. Any collective agreement that may be entered into by EnCana will contain similar provisions."</p> <p><u>Under Section 45(2), Canada-Nova Scotia Benefits Plan</u></p> <p>(2) Before the Board may approve any development plan pursuant to subsection 143(4) or authorize any work or activity under paragraph 142(1)(b), a Canada-Nova Scotia benefits plan shall be submitted to and approved by the Board, unless the Board waives that requirement in accordance with subsection (6).</p> <p><u>Under Section 1.0, Industrial Benefits and Employment Plan Guidelines Nova Scotia Offshore Area</u></p> <p>"Before the Board may authorize any work or activity to be carried out in the offshore area, or approve any development plan, a Benefits Plan shall be prepared by the operator, submitted to and approved by the Board."</p>
	<b>Request:</b>	<p>Please outline the process by which EnCana will notify the Board of all bid list notifications and contract awards for the Deep Panuke project in the absence of an approved Canada-Nova Scotia Benefits Plan for all Deep Panuke pre-development activities.</p>

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 Socio-Economic Impact Statement ☐  
 OR  
 Environmental Assessment ☐

Ref. No.		
DPA-HSO-002	<b>Reference:</b>	Volume 2, Section 3.3.3.1 Volume 2, Section 3.4.3 Part 2, Reference 3.1, <i>Preliminary Casing and Tubing Design</i>
	<b>Preamble:</b>	The <i>Preliminary Casing and Tubing Design</i> included as Reference 3.1 does not cover sour service use. However, it is understood from Section 3.4.3 that the casing and tubing design requirements will be updated taking into account the results of the study to determine the corrosion potential of the producing environment.
	<b>Request:</b>	<ol style="list-style-type: none"> <li>1. Please confirm that the metallurgy of the tubular products in existing wells that are to be used for production will be evaluated against the material requirements established by the study discussed in Section 3.4.3.</li> <li>2. What are EnCana's plans if the tubular products in existing wells do not meet these requirements?</li> </ol>
DPA-HSO-003	<b>Reference:</b>	Volume 1, Section 3.5.2 Volume 2, Section 8
	<b>Preamble:</b>	It is stated that the Project Safety Plan must meet the expectations of EnCana's EHS management system. Additionally, it is stated that site specific Safety Plans (e.g. Drilling Safety Plan, Diving Safety Plan) must meet EnCana's requirements.
	<b>Request:</b>	Please confirm that the Operations Safety Plan and the Abandonment and Decommissioning Safety Plan must meet EnCana's requirements. Additionally, please confirm which Safety Plans are subject to the approval of EnCana.
DPA-HSO-004	<b>Reference:</b>	Volume 2, Section 4.11.3.12
	<b>Preamble:</b>	It is stated that there is an increased safety risk related to flowline rupture for an acid gas injection well at the H-82 location, as opposed to the D-70 location.
	<b>Request:</b>	Please quantify the safety risk associated with flowline rupture for each well location, along with the incremental increase in risk of injecting acid gas at the H-82 location.

<b>Ref. No.</b>		
DPA-HSO-005	<b>Reference:</b>	Volume 1, Section 1.2 Volume 2, Section 1.6
	<b>Preamble:</b>	It is stated that the Project facilities have a design life of 25 years, with the exception of the topsides that have a design life of 20 years, and that with proper maintenance, Project facilities can be available to other projects including subsequent discoveries within the Panuke area.
	<b>Request:</b>	Please confirm that it is EnCana's intention to implement a planned preventative maintenance program such that Project facilities may safely operate for their full design life, regardless of potential Project life.
DPA-HSO-006	<b>Reference:</b>	Volume 2, Section 4.11.3.3
	<b>Preamble:</b>	It is stated that EnCana had specific concerns regarding personnel safety offshore because of the presence of H <sub>2</sub> S in the fluids stream, but that work conducted by EnCana has concluded that the Project facilities could be safely placed on one platform offshore. This is a change from the project design basis filed in 2002 which envisioned three separate platforms.
	<b>Request:</b>	Please provide copies of relevant studies conducted to support EnCana's conclusion that the Project facilities could be safely placed on one offshore platform.
DPA-HSO-007	<b>Reference:</b>	Volume 2, Section 8.8.3 <i>Nova Scotia Offshore Petroleum Installations Regulations</i> , Section 43 (3)
	<b>Preamble:</b>	Section 8.8.3 identifies seven (7) Target Levels of Safety for the project, but does not define these levels. Target levels of risk of damage to the environment is not addressed. Per the <i>Installation Regulations</i> , these are to be defined at the time the Operator applies for a development plan approval.
	<b>Request:</b>	Please define the target levels of safety for the risk to life and the risk of damage to the environment.
DPA-HSO-008	<b>Reference:</b>	Volume 2, Sections 8.6 and 8.8
	<b>Preamble:</b>	EnCana, as Operator, is ultimately accountable for health, safety and environmental (HS&E) protection through all phases of the Project.

	<b>Request:</b>	<ol style="list-style-type: none"><li>1. EnCana is requested to describe its plans for assuring that key HS&amp;E risks are identified and managed by its contractors, and to describe how its authority to effect necessary changes in this regard to meet EnCana HS&amp;E objectives will be incorporated in contractual arrangements it may enter into.</li><li>2. EnCana is requested to describe its overall monitoring program for HS&amp;E performance, which includes audits and management reviews described in Section 8.6, and describe how its authority to effect necessary improvements to meet EnCana HS&amp;E objectives will be incorporated in contractual arrangements it may enter into.</li></ol>
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