



Hibernia Management and Development Company Ltd.
Canada – Newfoundland and Labrador Benefits
Report
January 1 – December 31, 2016





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Section 1.0 – Introduction

The Hibernia Field is located on the northeastern Grand Banks, approximately 315 km south-southeast of St. John’s, Newfoundland and Labrador. The Field was discovered in 1979 by Chevron et al. when they drilled the Hibernia P-15 well.

On September 15, 1985, Mobil, on behalf of the Hibernia co-venturers, filed the Hibernia Benefits Plan and Hibernia Development Plan with the Federal and Provincial governments. The Hibernia Benefits Plan was approved by the C-NLOPB in June 1986. The Plan covers all phases of the Hibernia project from project development to abandonment. An Amendment was submitted in February 2010 and subsequently approved in September 2010 to address the Hibernia Southern Extension. This was the first amendment to Hibernia’s Benefits Plan since the original was approved by the Board in Decision 86.01.

The overall 2016 expenditures for HMDC including the HSE Project totaled \$1093 million. This is a decrease of \$69.9 million from the previous year as Hibernia conducted a successful 8 month drilling shutdown to refurbish the two drilling rigs. Expenditures were made in the areas of supply and services, community education, research and development, training, and diversity.

Section 2.0 – Employment

As of December 31, 2016, a total of 2010 people were employed on Hibernia’s operations, this includes the Hibernia Southern Extension (HSE) project, and 1094 were located offshore. This includes people employed with Hibernia and its contractors, of this 1718 or 85.5% were residents of Newfoundland and Labrador when hired, while another 192 or 9.5% were residents of other regions of Canada at the time of hire. All of these positions were located in Newfoundland and Labrador as of December 31, 2016. The number of females employed on Hibernia operations was 264 or approximately 13.1 % of the total workforce.

Table 2.1 – Total Employment Summary including the Hibernia Southern Extension

Direct Employment (Total Number of Persons)	Newfoundland and Labrador Residents (%)	Other Canadians (%)	Non-Canadians (%)
2010	1718 (85.5%)	192 (9.5%)	100 (5%)

Notes:

- Report total number of persons directly employed on the project at end of reporting period, including operator and contractor personnel.
- Residency status to be reported as of time of hire, based on the following definitions:
Canadian: A person who was born in Canada and has not relinquished his/her Canadian citizenship; or, a person who has been granted Canadian citizenship; or a person who has been granted landed immigrant status
Newfoundland and Labrador Resident: A Canadian citizen or landed immigrant who meets the residency requirements of the Province as defined by *The Elections Act*, SNL 1992, CE-3.1



Table 2.2 – Employment Summary by Location

Location	Total Number of Persons					Total
	Residency Status			Gender		
	NL	OC	NC	Male	Female	
Onshore	745	110	61	752	295	916
Offshore	973	82	39	1357	56	1094
Total:						2010

**Total is the value of all personnel both male & female for Onshore & Offshore*

Notes:

1. During production phase, report location by "Onshore", "Offshore" activity.
2. For residency status, provide breakdown by NL – Newfoundland and Labrador Resident; OC – Other Canadian and NC – Non-Canadian.

Table 2.3 – Employment Summary by Discipline

Discipline	Number of Persons				Total Number of Persons
	Male	%	Female	%	
Management	227	11.3%	35	1.8%	262
Administration	43	2.1%	113	5.6%	156
Engineers	131	6.5%	18	0.9%	150
Technicians	316	15.7%	29	1.5%	345
Professionals	112	5.5%	27	1.3%	138
Skilled Trades	521	25.9%	13	0.7%	534
Labor	229	11.4%	15	0.5%	243
Students	14	0.7%	0	0.0%	15
Other	154	7.7%	13	0.6%	167
TOTALS	1746	86.9%	264	13.1%	
Total:					2010

Percentages taken from total number of employed personnel both male and female

Notes:

1. Disciplines are based on the following National Occupational Classification (NOC) Codes:
 - **Management** includes: *Senior Managers* as well as *Middle & Other Managers*
 - **Administration** includes: *Administrative & Sr. Clerical Personnel* as well as *Clerical Personnel*
 - **Engineers** includes: only those in that NOC Code
 - **Technicians** includes: *Semi-professionals & Technicians*
 - **Professionals** includes: only those in that NOC Code
 - **Skilled Trades** includes: *Skilled Crafts & Trades* as well as *Skilled Trades & Service*
 - **Labour** includes: *Semi-Skilled Manual Workers, Other Manual Workers* as well as *Intermediate Sales & Service*
2. **Students** includes: any student enrolled at a recognized educational institution or accredited academic program and includes both graduate and undergraduate students, cadets or any other student.
3. **Other** includes: positions that do not fit into any of the other disciplines.



**Table 2.4– Development Phase Person Hour Summary Report
HSE- 2016**

Category	Persons Hours	Total
Project Management, Administration, and Engineering	889	1027872
Drilling	875889	
Onshore/Offshore shipping and transport	93628	
Subsea Systems	57466	
Total (year-end):		1027872
Project Cumulative:		3529733

Section 3.0 – Canadian-NL Content Estimates

The table below details actual 2015 expenditures, content is based on major contractors and other payments for the noted period.

	Content Based on Major Contractors/Other Payments Respectively					
	HMDC			HSE		
	NL (%)	OC (%)	For (%)	NL (%)	OC (%)	For (%)
Major Contracts	65%	10%	25%	44%	13%	43%
Other Payments	41%	40%	19%	59%	37%	4%



Section 4.0 – Contracting and Procurement

Nineteen (19) new services contracts each having a value of greater than \$250,000 were awarded during 2016.

1. Wearcheck Canada Inc. – Oil Analysis Services (HMDC/HSE) – Burlington, Ont.
2. Falck Safety Services Canada (NL) Inc. – Provision of Emergency Response Training Services – Mount Pearl, NL.
3. Oceaneering Canada Ltd. – ROV Supply and Services – Mount Pearl, NL.
4. East Coast Catering Ltd. – Catering – St. John’s, NL.
5. Schlumberger Canada – Directional Drilling & Measurement Services – St. John’s, NL (Note previously part of Hibernia Integrated Well Services (HIWS) Scope)
6. Liebherr Canada Ltd. – Crane Maintenance & Management – St. John’s, NL
7. Brush Canada Services Inc. – Generator Service and Materials – Pennsylvania, PA
8. Varco Canada ULC – Drilling Materials and Services – Alberta, Canada
9. Hyflodraulic Limited – Mechanical Maintenance Services incl 3rd Party Support Services – St. John’s, NL.
10. Cameron Canada Corp. – Hibernia Wellheads and Xmas Trees Operations/Maintenance – St. John’s, NL.
11. FI Oilfield Services Canada ULC – Hibernia Tubular Running Services and Equipment – St. John’s, NL.
12. Weatherford Canada Partnership– Hibernia Mud Logging Services and Equipment– St. John’s, NL
13. Atlantic Offshore Medical Services – Offshore Medical Support Services –St. John’s NL
14. PAL Aerospace Ltd. –Ice Reconnaissance Services – St. John’s, NL
15. QuEST Global Engineering - Technical Support Services– USA/India
16. AMEC Foster Wheeler - Weather Forecasting Services – St. John’s, NL
17. Schlumberger Canada Ltd. – Wellwork Services– St. John’s, NL
18. Schlumberger Canada Ltd. – Cementing Services - St. John’s, NL
19. Wood Group Canada Inc. – EPCM Services – St. John’s, NL

There were nine (9) service contract extensions having a value greater than \$250,000 were awarded in 2016.

1. Enhanced Drilling Canada Services – Subsea Drill Cuttings Management – St. John’s, NL.
2. GE Canada Ltd. – Provision of Wellheads & Xmas Trees & Related Services – Mt. Pearl, NL
3. Weatherford Canada Partnership – Drilling Rental Tools/Fishing Services – Paradise, NL
4. Cougar Helicopters – Provision of Helicopter Services to the WAQ MODU – St. John’s, NL
5. Cougar Helicopters – Provision of Search and Rescue helicopter services – St. John’s, NL
6. Import Tool Corp. Ltd. – Liner, Hangers, Completion Equip. and Related Services – Paradise, NL.
7. Halliburton Canada – Slickline Services – St. John’s, NL



8. Halliburton Canada – Annular Safety Valves – St. John’s, NL
9. Crosbie Salamis Limited – Platform Common User Services – St. John’s, NL.

There were two (2) new material contracts awarded having a value greater than \$250,000 awarded in 2016.

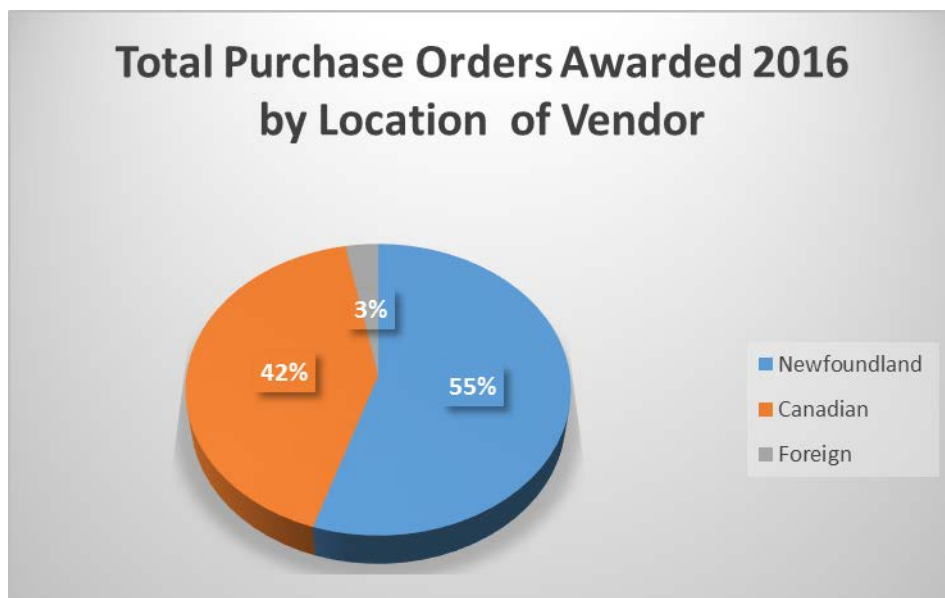
1. Extreme East Rigging Services – Loose Lifting Gear - St. John’s, NL.
2. DNOW Canada – Marine Batteries - Mount Pearl, NL.

There were four (4) material contract extensions having a value greater than \$250,000 awarded in 2016.

1. Irving Oil Commercial GP– Supply of MGO (Marine Gas Oil) - St. John’s, NL.
2. Eastern Valve and Control Specialties Ltd. - Supply of Parker Instrument/Tube Fittings – Mount Pearl, NL
3. K & D Pratt – Supply of Castrol Brayco Micronic Oil - St. John’s, NL.
4. Beattie Industrial- Supply of Parker Hydraulic Hoses/Fittings – Mount Pearl, NL

Purchase Order Analysis

Since the commencement of producing operations in 1997, approximately \$303 million in Purchase Orders (POs) have been awarded directly by HMDC, constituting over 64,148 POs, of this amount, 4,078 POs were awarded in 2016 with a total value of \$24 million. Illustrated below is the total value by geographic location.





Section 5.0 – Training

During 2016, HMDC spent approximately \$550,000 on training for HMDC personnel in the Province. The training expenditures reported are limited to payments to in-Province training providers, most notably the Marine Institute and Falck Safety Services. Payroll and Transportation costs associated with training are excluded from the reported expenditures.

Local educational and training facilities continue to play a key role in Hibernia’s training plans. Institutions such as Memorial University of Newfoundland’s Marine Institute, Falck Safety Services, and Rogers Enterprises are valuable training providers to Hibernia. A large percentage of Hibernia’s regulatory and safety training requirements can be met by these institutions. Hibernia continues to work with these local institutions and other private sector training providers to ensure that effective curriculums for use in the oil and gas industry were developed and maintained to meet training requirements.

Training courses completed in the Province by HMDC personnel during 2016 include:

- Arc Flash Training
- Authorized Gas Tester
- Basic Survival Training/Recurrent
- Command & Control of Major Emergencies
- Confined Space Entry
- Confined Space Rescue/Structured Rope Rescue
- Coxswain/Recurrent
- CPR HCP Training
- First Aid Training (various levels)
- Fall Protection
- Fire Extinguisher Training
- H2S Alive
- HMDC Online Orientation
- Hydraulics Level 1: Theory & Components Training
- Information Gathering Using Professional Investigating and Interviewing Techniques
- Marine Facility Security Officer (MFSO)
- Occupational Health and Safety Committee Training
- Offshore Fire Team Training/Recurrent/Lead
- Offshore Survival Induction
- Restricted Radio Operator Certificate – Maritime
- Transportation of Dangerous Goods – Marine



- Well Control (various levels)

HMDC continues to help develop students for future careers in the oil industry through the Co-operative Education programs offered by local training institutions. In 2016, 20 work terms were provided to students from various disciplines. In total, these placements resulted in an estimated 80 person-months of employment through four month work-terms. These Co-operative Education students were recruited from the following educational institutions:

- Memorial University of Newfoundland – Faculties of Engineering and Business Administration (18 students)
- College of the North Atlantic (2 students)

Section 6.0 – Research and Development (R&D)

Listed below are some of the key research and development (including education and training) activities related to the Hibernia Project. The annual R&D and E&T expenditures totaled approximately \$26M. Details of the project expenditures made to meet the R&D/E&T requirements are provided in the Annual R&D Expenditure Report to the C-NLOPB.

Section 7.0 – Education & Training Capacity and Infrastructure Activities

Contributions to Education & Training programs were also made as part of HMDC's Diversity Plan:

- Support to Memorial University's Girl Quest Summer Camp (\$52,000) funding the participation of high school girls in summer science and engineering work placements
- Representatives of Hibernia have actively engaged in outreach activities throughout 2016, acting as mentors, volunteers, participants and/or speakers with Junior Achievement, WRDC's Techsploration program, WISE, Oil & Gas week events and Energy Day events



Section 8.0 – Community Involvement

HMDC employees have a history of community involvement and try to strengthen local communities by donating time, talent and money to many organizations that provide services or contribute to the cultural fabric of the province. Some of the highlights of the 2016 activities include support for the Gathering Place and Ride for Dad.



HMDC President Jennifer Walck braved the cold weather to speak at the Avalon Motorcycle Ride for Dad fundraiser in June. The organization raises funds to support Prostate Cancer awareness campaigns and research efforts.



HMDC offshore personnel volunteered their time at the Gathering Place, a facility that offers programs and services to people who are homeless or live in less than desirable housing conditions.

Hibernia also sponsored the regional MATES ROV competition where student teams participated in RANGER and SCOUT class competitions.



Section 9.0 – Diversity

It is the ongoing responsibility of HMDC to oversee the implementation and execution of the Hibernia Project Diversity Plan to meet regulatory and contractual requirements. While these requirements have shaped the Diversity Plan, its content is also driven by HMDC's long term commitment to developing industry and labour capacity and creating and delivering sustainable strategic benefits to host jurisdictions down to the community level. This report reflects both the quantitative and qualitative indicators arising from the implementation of the Diversity Plan throughout 2016.

As with the previous year, 2016's implementation has been focused on operationalizing key processes to support diversity, leveraging increased activity on the part of the main contractors, working with community partners to implement funded outreach and education programs, and further identifying new opportunities to improve representation. This report reflects the indicators arising from the implementation of the Diversity Plan throughout 2016 and reviews actions planned for 2017.

- Total compounded community investment of approximately \$2.3 million
 - 2016 saw continued investment in high economic, employment and social impact programs; as well as engagement and consultation with internal and external stakeholders on diversity in employment and business access.
- Collaborative recruitment and selection efforts
 - In 2016, HMDC and its new contractors utilized community organizations (WRDC, OAWA) to reach designated groups in recruitment campaigns
- A 'Culture of Caring' supportive work environment
 - 2016 saw continued initiatives aimed at supporting the mental health and wellness of employees working offshore
- Continuous improvement of monitoring and stewarding initiatives
 - In 2016, HMDC undertook a review of its NOC code classifications to ensure appropriate categorization of data