

Press Release

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The Alder Institute, a Newfoundland based non-profit collective & Dr. Gail Fraser,
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PREDICTED NUMBER OF ATLANTIC OFFSHORE OIL SPILLS EXCEEDED

(Tors Cove, NFLD) – : The White Rose Project operated by Husky Energy Corp reported a 30 barrel oil spill on Tuesday Sept 9th 2008. **Research by Dr. Gail Fraser, York University and Dr. Joanne Ellis on behalf of the Alder Institute found that oil spills in Atlantic Canada's offshore happen more often than the environmental assessments predicted¹.**

The White Rose environmental assessment predicted 2.38 spills of 1 - 50 barrels during the initially forecast 15-19 year lifetime of the project². **Five years into the project, the Sept 9th accident brings the number of spills of this size for White Rose up to 4, almost double the number predicted for the project's lifetime. Spills at the Terra Nova project have also exceeded predictions. 5.3 spills less than fifty barrels were predicted over the life of the Terra Nova project. So far there have been at least 34.**

In NL offshore oil and gas activities are managed by the Canada-Newfoundland Labrador Offshore Petroleum Board (C-NLOPB). The C-NLOPB is also a Federal Authority under the Canadian Environmental Assessment Act and is responsible for administering environmental assessment follow-up procedures, **including responses to oil spills.**

In 1997 the Terra Nova Panel chaired by the late Dr. Leslie Harris recommended that Offshore Oil operators be required to adopt a zero-tolerance policy for oil spills. In it's formal reply the C-NLOPB noted that **"the Accord Acts take a "zero tolerance" approach to oil spillage, forbidding the spillage of oil and by declining to define any "minimal acceptable" amount in this context."** (Decision 97.2: page 53).

¹ In their paper just published online in the Journal of Environmental Assessment, Policy and Management, Fraser and Ellis (2008) compared spill predictions made by the Environmental Assessments for offshore oil and gas projects in Atlantic Canada subject to the 1995 Environmental Assessment Act with spills subsequently reported by the respective Petroleum Boards (<http://www.worldscinet.com/cgi-bin/details.cgi?id=jsname:jeapm&type=current>). This Press Release focuses on the C-NLOPB's jurisdiction off Newfoundland and Labrador and considers more recent data in addition to the data reviewed by Fraser and Ellis in their published paper.

² In September, 2007 the C-NLOPB approved the first of a series of possible extensions to the White Rose Project. The extension represents an estimated 24 million barrels of oil (<http://www.cnlopb.nl.ca/news/nr20070907eng.shtml>).

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Background information

Spill Context

The recent September 9 spill at the White Rose consisted of an estimated 4,470 litres (30 Barrels) of Crude. Eleven other spills greater than 1 litre (totaling 429 litres) have been reported from Newfoundland's offshore during 2008.

Since 1997 a minimum estimate of 429,787 L or 2,703 Barrels of Synthetic Based Drilling Fluids and other hydrocarbons have been spilled into the ocean through the **337+ spills reported** from Newfoundland's offshore (Total reported as of April 10, 2008, <http://www.cnlopb.nl.ca/pdfs/spill/sumtab.pdf>).

In the context of a “zero tolerance” for oil spills stated by the Accord Acts and the C-NLOPB and 337+ reported spills there has been one charge laid against an oil and gas operator for spilling oil into the ocean. On July 29, 2005 nine months after an oil spill of a reported 165,500 litres or 1,040 Barrels of crude at Terra Nova on November 21, 2004 the C-NLOPB laid a charge against Petro-Canada for violation of section 161(1) of the Canada-Newfoundland Atlantic Accord Implementation Act (<http://www.cnlopb.nl.ca/news/pdfs/spill.pdf>).

Spill Contents

Contaminant spills reported under the heading “Oil Spill Incident Data” by the C-NLOPB include spills of various substances containing hydrocarbons i.e. Lubricating Oil, Jet Fuel, Crude Oil, Synthetic Based Mud, Synthetic Based Fluids, Oily water, Hydraulic Oil and Diesel.

The Canadian Environmental Assessment Act (CEA-Act)

The Canadian Environmental Assessment Act (CEA-Act) was enacted in 1995 (CEA-Act, 1992) to evaluate the impact of human activities on the natural and social environments of Canada while promoting sustainable development. Approval for project proposals governed by the CEA-Act is based, in part, on evaluating the risk that the Project will cause undesirable environmental effects. The Environmental Assessment (EA) process makes predictions about risks to the environment posed by a given Project. In the case of offshore oil and gas projects accidental spills of contaminants into the ocean are among the risks assessed.

Environmental Assessment (EA) predictions are inherently uncertain. Follow-up monitoring is essential in assessing the environmental effects of a project. **The CEA-Act identifies follow-up programs as the determination of the effectiveness of mitigation and the verification of the accuracy of EA predictions.** In Canada, follow-up monitoring is a critical part of the EA process as outlined in the CEA-Act (s. 14 (c), s.16 (2c), s. 38).

Regulatory Body for Offshore oil and gas in Newfoundland and Labrador

The Canada-Newfoundland and Labrador Offshore Petroleum Board (C-NLOPB, formerly Canada-Newfoundland Offshore Petroleum Board, C-NOPB) was formed under the Canada-Newfoundland Atlantic Accord Implementation Act (1987; hereinafter the Atlantic Accord). **The C-NLOPB was created both to facilitate the development of**

offshore oil resources and to protect the environment from the adverse effects of such development. The Board has key roles in the environmental assessment process under the CEA-Agency and is responsible for assessing proposals and administering the regulations as applied to approved projects. The Board's obligations include environmental protection and enforcement of regulations. The Board is both the Regulator and the Responsible Authority. Offshore oil and gas operators are required to report all oil spills to the C-NLOPB (s. 161(2) Atlantic Accord, 1987). Thus, both compliance monitoring and EA monitoring of oil spills are fulfilled under a single commitment by the Regulator.

Offshore Projects in Newfoundland and Labrador

Terra Nova (Petro Canada, 1997) and White Rose (Husky Oil, 2000) are the two Environmental Assessments (EAs) for offshore oil and gas production projects in Newfoundland's offshore for which the Environmental Assessments process postdated the 1995 enactment of the Canadian Environmental Assessment Act CEA-Act. Fraser and Ellis (2008) examined the Environmental Assessment spill predictions for both projects. Hibernia was excluded from the comparison because the project environmental assessment did not provide spill predictions.

Oil spill predictions in Environmental Assessments

Offshore oil and gas projects are large scale projects requiring Comprehensive or Panel Review Environmental Assessments in Canada (CEA-Act, 1992). Both Environmental Assessment procedures include a study of the project and public review, but Panel Reviews are more extensive and include an independent panel of experts (see CEA-Agency, 2007). Accidental spills represent a significant environmental concern for this industry, thus attention to potential environmental effects, likelihood of occurrence, how contaminants behave when spilled and the history of spills for the industry, are among the topics addressed in the Environmental Assessments. The Terra Nova and White Rose Environmental Assessments provided spill predictions in the form of the probability of occurrence and number of spills for the lifetime of the project. **Fraser and Ellis (2008) compared spill predictions made in the Environmental Assessments for the Terra Nova and White Rose projects with the number of spills subsequently reported for the two projects. In their paper they compared predictions and subsequent spill reports for batch spills of less than 50 barrels.** Batch spills vary in volume and substance spilled and occur in discrete events (as opposed to a continuous release of oil, as in a blowout).

Reference for peer reviewed publication by Fraser and Ellis

Fraser, G.S. and J. Ellis 2008. Offshore hydrocarbon and synthetic hydrocarbon spills in eastern Canada: The Issue of follow-up and experience. *Journal of Environmental Assessment Policy and Management*. 10: 173 - 187

The Alder Institute

Founded in 1998, the Alder Institute is a non-profit collective with a special interest in natural history and in translating science into common language.

Note: 1 Barrel of oil = 159 litres