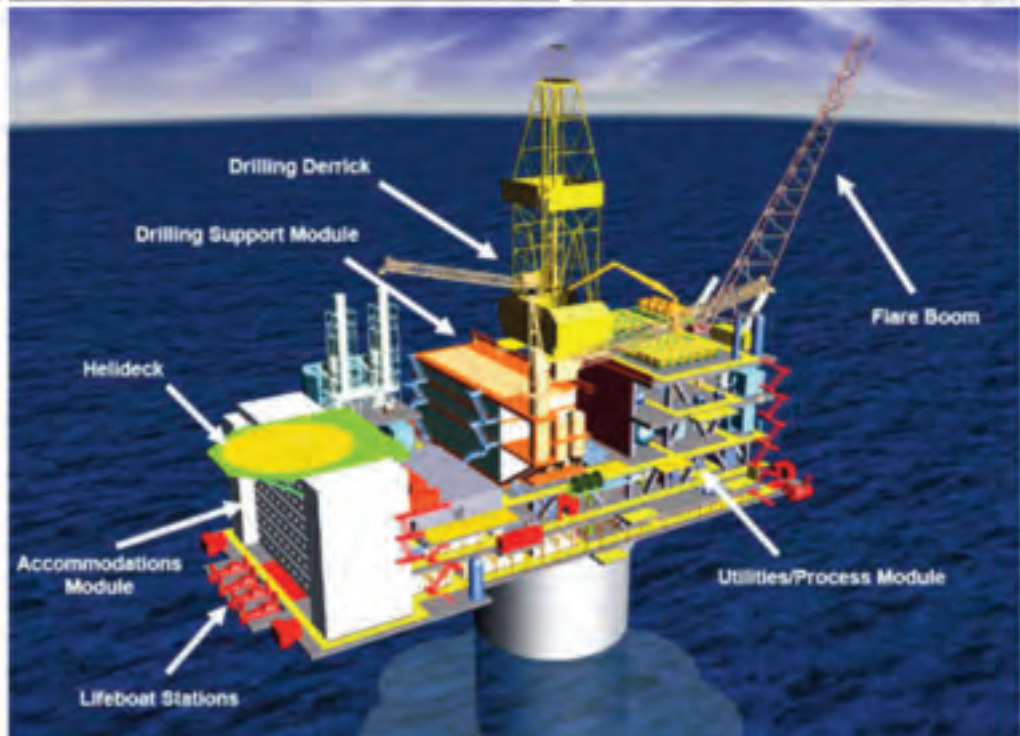




# THE NEXT BIG THING



## Newfoundland and Labrador's oil and gas industry gears up for Hebron

By David Keating

**ON A WARM SPRING DAY IN MAY**, two young college-age women, resumes in hand, head into the downtown St. John's office of NOIA, the Newfoundland and Labrador Oil and Gas Industries Association that represents over 480 member companies. With the ExxonMobil-headed Hebron project office open as of April 29th and first oil slated between 2016 and 2018 (with an estimated operational lifespan of 25 years), it's possible these two women could spend the bulk of their careers working on this one project.

Formally inking a deal with the Hebron partners was announced as a major piece of good news by the Government of Newfoundland and Labrador last fall. In its 2008 Budget, the provincial government, a 4.9 per cent equity stakeholder in Hebron with partners ExxonMobil, Chevron, Petro-Canada and StatoilHydro, projected \$20-billion in revenues for Newfoundland and Labrador over the life of the project from a calculated yield of 581-million barrels. Peak construction of the Hebron project, centered on fabrication of the Gravity-Based Structure (GBS) oil platform at the Bull Arm facility, is expected to employ about 3,500 people and begin in 2012. Though the major economic benefits are still years away, Hebron is currently issuing substantial amounts of another valuable currency: optimism.

Steve Power, chief operating officer of Crosbie Industrial Services Ltd., a supplier of industrial cleaning services that has had involvement with all three of Newfoundland and Labrador's previous major oil developments (Hibernia, Terra Nova and White Rose) says Hebron creates a much-needed buzz. "The existing producing offshore fields are, I believe, at or close to being on the downside of their production, without the possible expansions that they're looking at. With Hebron, you actually see some further growth as opposed to everything being on the downside.... So, what Hebron does is it allows you to continue to invest in people and equipment because there's more (activity) on the horizon."

The trickle down of this future planning, says Power, has an important impact on the decisions of his on-call workers today. “It makes it easier to get and retain people because they don’t see the need to move away as quickly,” he says.

For suppliers like Crosbie Industrial, hoping to continue their association with major oil projects by participating in Hebron, a key consideration in the next round of hiring will be gender equity. Touted as a cornerstone of the Hebron agreement, the Gender Equity and Diversity Plan is to be implemented in all phases of Hebron development.

In a recent conversation, Kathy Dunderdale, Minister of Natural Resources as well as Minister Responsible for the Status of Women, pointed to the unanimous consensus of all Hebron partners for the inclusion of a Gender Equity clause in the agreement. “We saw the development of the Hibernia project here in the province, and women were practically shut out of that project,” she says. “Less than four per cent of the employees were female and there were so few women involved in trades and technology that we really couldn’t measure it....Oil and gas is a significant part of our economy and half our population needs to be

able to access the high-paying jobs and economic benefits that come from that.”

With the parameters of the Gender Equity Plan still to be written, it remains to be seen whether those two young women will find their place in time for this next boom. According to the Hebron office, the Women’s Employment Plan and Business Access Strategy will be submitted as part of the Development Plan Application the end of this year.

Lynn Ann Nicholosi, a native Newfoundlander and Memorial University graduate, now business manager at the Hebron office says: “When I graduated from college, Hibernia was just on the radar and it was a big incentive for me to know that there was a project in place. So I think it’s the same; It’s our responsibility to make that known to the local colleges and we’ve already committed time and sponsorship to programs.”

In conjunction with NOIA, members of the Hebron office have been in communities across the province meeting with suppliers. Four such information sessions (St. John’s, Clarenville, Marystown and Corner Brook) were heavily attended in April, with over 400 people attending the St. John’s

## Working Hebron

**THOUGH HEBRON** is still several years from development, service and supply companies have no time to waste if they want to participate in Newfoundland and Labrador’s fourth offshore oil project.

Rob Strong, an engineer and representative of Tideway Canada, cites two reasons for the urgency. “First of all, it’s not like you can just place a phone call and order some of this equipment. When you’re talking custom subsea equipment, it can take months and even years to procure. Secondly, and perhaps even more important, is the unique

nature of this project. Long-term contracts with the project will be tied to companies involved in Front End Engineering Design (FEED), rather than being a separate process. What that means is that any service and supply companies hoping to be associated with Hebron have to get involved as quickly as possible – they only have about six months to align themselves with major contractors and prepare their bid tenders.”

For information about contract opportunities, go to [bids.ca](http://bids.ca); [noianet.com](http://noianet.com); and, [hebronproject.com](http://hebronproject.com).

Near Term Topsides/GBS Prime Contracting Schedule

Contracting Activity	2009												2010			
	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	
Issue EOI	◆															
EOI responses received		◆														
Issue pre-qual questionnaire			◆													
Receive pre-qual questionnaire				◆												
Clarify pre-qual responses/potential contractor visits					■											
Issue ITT packages							◆									
Bidding period								■								
Receive bids										◆						
Clarify ITT responses/potential contractor visits											■					
Award contracts															◆	

Source: ExxonMobil/Hebron project description

meeting alone. “We were really quite impressed by the responses out there,” says Nicholosi.

For new companies looking for entry into the industry, NOIA president and CEO Bob Cadigan says that involvement in these NOIA events, as well as membership, is the place to start. In addition to being kept informed about bidding opportunities and awarded projects for potential partnering, organization members receive Expressions of Interest from all operators, sent out daily.

While the economic benefits of Hebron for Newfoundland and Labrador are undeniable, for industry, suppliers and government the maturation of local oil and gas as a world player is equally important. Minister Dunderdale says that seeing beyond the direct benefits of oil revenues is always at the forefront of her government’s planning: “This is a non-renewable resource and so there will come a day – in the far, far distant future we hope – when we will not be extracting oil from our offshore. And when that day does come and those direct benefits cease, we want to have built a legacy piece here in the province with regard to capacity around oil and gas development, and in our supply and service sector, and our fabrication facilities as well.”

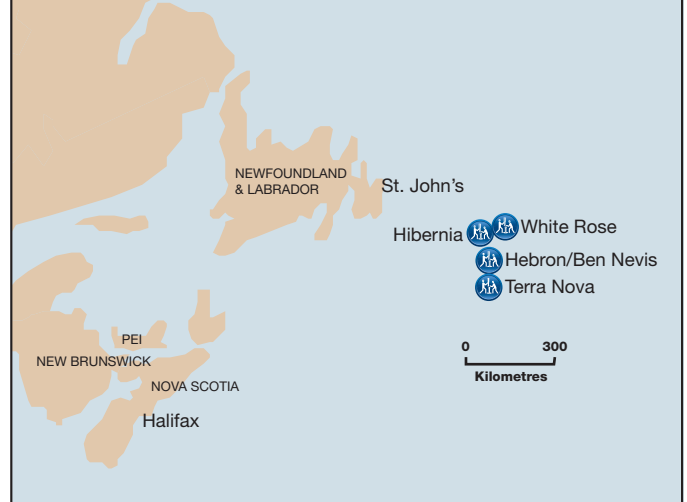
Cadigan highlights Newfoundland and Labrador-based developments in harsh environment technology as an example of an area where the province is becoming a global leader. “If you look at ice management, ice engineering – a lot of major projects now are in the north of Russia, northern part of Norway – there are Newfoundland firms, like Provincial

### Hebron Fast Facts

- 340km offshore Newfoundland
- ~100m water depth
- >500-million barrels recoverable oil
- To be produced using a GBS with offshore loading
- First oil before the end of 2017

#### Project partners:

- ExxonMobil Canada Properties (36%)
- Chevron Canada Resources (26.7%)
- Petro-Canada (22.7%)
- StatoilHydro (9.7%)
- Nalcor Energy (4.9%)



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## Hebron Engineering & Construction Benefits

Components	Fabrication Location
Process & utilities module	International
<i>Other modules</i>	
Helideck	Newfoundland & Labrador
Lifeboat station	Newfoundland & Labrador
Flare boom	Newfoundland & Labrador
Drilling support modules	Newfoundland & Labrador (if capability exists)
Living quarters	Newfoundland & Labrador (if capability exists)
<i>Gravity Base Structure (GBS)</i>	
Concrete structure	Newfoundland & Labrador
Mechanical Outfitting	Newfoundland & Labrador
Offshore Loading System (OLS)	Newfoundland & Labrador
Subsea template	Newfoundland & Labrador
Hook-up & commissioning	Newfoundland & Labrador
Topsides / GBS mating	Newfoundland & Labrador

*Source: ExxonMobil presentation / Hebron project description*

Airlines, that do ice monitoring. Companies like C-CORE doing ice engineering, specializing in studying the potential of ice impact and pressures on structures offshore.”

“We just returned from the offshore technology conference in Houston,” says Cadigan. “And most of our members that attended said it was their best show ever. I think that has a lot to do with international suppliers and companies wanting to feed into Newfoundland companies. They know about the Hebron opportunity, they know about our offshore and they are looking

for ways to participate in it. It’s a very optimistic time for the supply community.”

Recently, the province of Newfoundland and Labrador celebrated the pumping of its billionth barrel of oil. More and more, the work that goes into those projects is being completed locally. With three world-class oil developments and Hebron still years from first oil, the capability of the local supply community, aided by an ever-increasing number of women, continues to grow. •

**CNSOPB**



CANADA-NOVA SCOTIA  
OFFSHORE PETROLEUM BOARD

Ms. Diana Dalton, Chair of the Canada-Nova Scotia Offshore Petroleum Board (CNSOPB), is pleased to announce the appointment of Mr. Stuart Pinks, P. Eng, as Chief Executive Officer.

Mr. Pinks is a senior regulatory and operations executive with a broad range of experience in the petroleum sector in Canada, Venezuela, Malaysia and Thailand. He has served as Manager of Health, Safety & Environment, and Chief Safety Officer with the CNSOPB since joining the organization in 2002. In his work with the CNSOPB, Mr. Pinks has



promoted the continuous improvement of health, safety and environmental performance of oil and gas activities offshore Nova Scotia, and provided operational and strategic regulatory advice to Board members and governments. Mr. Pinks is a graduate of the University of Toronto and holds the designation of Professional Engineer.

[www.cnsopb.ns.ca](http://www.cnsopb.ns.ca)

The Canada-Nova Scotia Offshore Petroleum Board is the independent joint agency of the Governments of Canada and Nova Scotia responsible for the regulation of petroleum activities and resources offshore Nova Scotia.