



**Hibernia Management and Development Company Ltd. (HMDC)
Canada – Newfoundland and Labrador Benefits Report
For the Period of
January 1 – December 31, 2012**





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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.

Several key principles of the Plan include:

- the provision for a local office where appropriate levels of decision-making are to take place;
- the requirement for full, fair and timely opportunities for Newfoundland and Canadian industry to participate in the supply of goods and services on a competitive basis;
 - utilizing, to the extent practical and cost effective, the principle of first consideration to Newfoundlanders and Labradorians and Canadians in procurement, contracting and employment policies for the project including the construction, development and operating phases;
- engineering and construction work that can be performed in Newfoundland and Labrador shall be performed in Newfoundland and Labrador;
- establishment of a Gender Equity and Diversity Program; and
- expenditures shall be made for research and development to be carried out in the province and for education and training to be provided in the province.

This report summarizes expenditures, procurement activity, local content, community involvement, diversity, education and training for the period of January 1 to December 31, 2012. Please note, Research and Development (R&D) is discussed from a qualitative perspective.

2012 represented a year of growth and implementation, the Hibernia Southern Extension Project added significant benefit to the local economy. Expenditures were made in the areas of community education, research and development, training, and diversity.

Hibernia's commitments are monitored by the Canada-Newfoundland and Labrador Offshore Petroleum Board.



Section 2.0 – Employment

As of December 31, 2012, a total of 1981 people were employed on Hibernia’s operations, this includes the Hibernia Southern Extension (HSE) project, 835 were located offshore. This includes people employed with Hibernia and its contractors. Of this 1703 or 86% were residents of Newfoundland and Labrador when hired, while another 114 or 6 % were residents of other regions of Canada at the time of hire. All of these positions were located in Newfoundland and Labrador as at December 31, 2012. The number of females employed on Hibernia operations was 413 or approximately 20.8 % 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 (%)
1981	1703 (86%)	114 (6%)	164 (8%)

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	964	62	120	820	326	1146
Offshore	739	53	43	812	23	835
						Total: 1981

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

Notes:

- During production phase, report location by “Onshore”, “Offshore” activity.
- 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	230	11.5 %	98	4.9 %	328
Administration	27	1.3 %	97	4.8 %	124
Engineers	242	12.4 %	89	4.5 %	331
Technicians	158	7.9 %	28	1.5 %	186
Professionals	99	4.9 %	30	1.6 %	129
Skilled Trades	400	20.4 %	20	1.0 %	420
Labor	178	8.9 %	14	0.7 %	192
Students	18	0.9 %	4	0.2 %	22
Other	216	10.9 %	33	1.6 %	249
TOTALS	1568	79.1 %	413	20.8 %	1981
Total:					1981

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.



Section 3.0 – Canadian-NL Content Estimates

The below table outlines the Content Estimates for 2012 HMDC and the Hibernia Southern Extension Project. Content is based on major contractors and other payments for the noted period.

Table 3.1 Canadian-NL Content Estimates Hibernia Management and Development Company Year 2012					
HMDC			Hibernia Southern Extension		
NL (%)	Other Canadian (%)	Non-Canadian (%)	NL (%)	Other Canadian (%)	Non-Canadian (%)
57%	32%	11%	41%	7%	52%

Section 4.0 – Contracting and Procurement

For the period of January 1 to December 31, 2012, Hibernia Management and Development Company Ltd. awarded eight (8) new services contracts and five (5) new materials contract having a value greater than \$250,000.

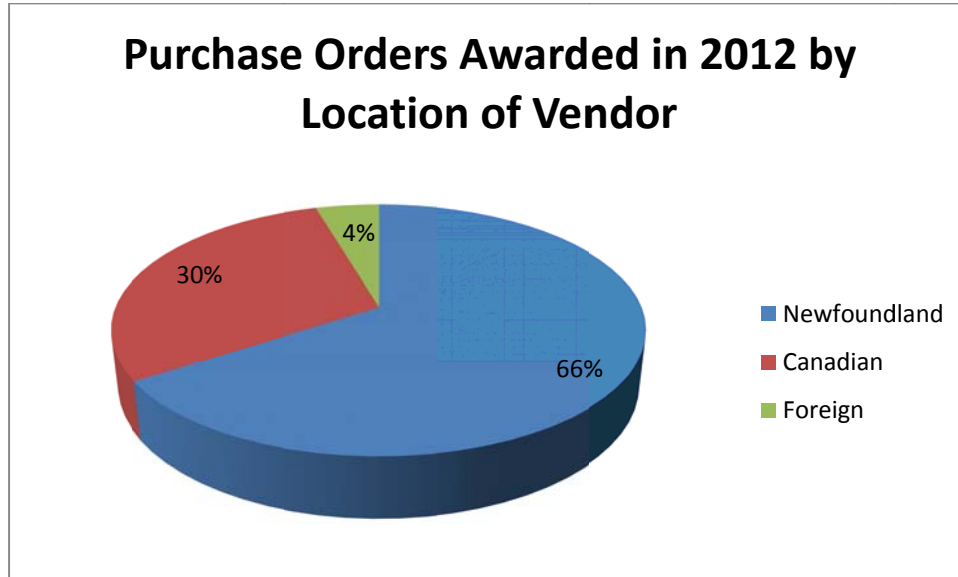
Table 4.1 – Contracting Activity

Description	Contractor	Contractor Location (NL, Other Canada, Foreign)
(Service Contracts)		
Metering and Measurement Engineering Services	SGS Canada Inc.	St. John's, NL
Drill Cuttings Management	AGR Drilling Services Canada Inc.	St. John's, NL
Produced Water Systems Cleaning	Hyflodraulics Limited	St. John's, NL
Public Affairs Support Services	MT&L Public Relations Ltd.	St. John's, NL and Halifax, NS
Vessels for Hibernia Southern Extension	Maersk Supply Service Eastern Canada Ltd.	St. John's, NL
Vessels for HSE	Atlantic Kestrel Limited Partnership	St. John's, NL
HSE Cementing Unit and Support Services	Schlumberger Canada Ltd.	St. John's, NL
HSE Remote Operated Vehicles (ROVs) and Support Services	Oceaneering Canada Ltd.	St. John's, NL
(Material Contracts)		
Supply of Environmental Test Equipment	Enviromed Analytical Inc.	Mount Pearl, NL
Bulk Boating Loading/Unloading Hoses	Stellar Industrial	Mount Pearl, NL
Galley and Laundry Equipment Spare Parts	Big Erics	St. John's, NL
Mobil Jet II Turbine Oil	Bluewater Newfoundland Ltd.	St. John's, NL
Miscellaneous Electrical Consumables	McLoughlan Supplies Ltd	St. John's, NL



Since the commencement of producing operations in 1997, approximately 48,327 Purchase Orders (POs) have been awarded directly by HMDC, 4,291 POs were awarded in 2012. Illustrated below is the total value by location.

Figure 4 - Purchase Orders





Section 5.0 – Training

Hibernia Management and Development Company Ltd. is committed to ensure that the Hibernia Platform and related support operations will be staffed by qualified, trained, and competent personnel. In addition to mandatory training prescribed by regulatory authorities, HMDC is committed to providing further training to all employees to ensure a safe, environmentally responsible and efficient work environment and to develop employees for future career opportunities.

During 2012, the following training was completed by HMDC personnel in the province.

- Authorized Gas Tester
- Basic Survival Training/Recurrent
- Coxswain/Recurrent
- Computer Skills Training (MS PowerPoint, MS Excel, MS Access, Citrix)
- Confined Space Training
- CPR Training
- First Aid Training (various levels)
- Emergency Response Training
- Fall Protection
- H2S Alive
- High Angle Rescue/Recurrent
- Hazardous Areas Equipment Training
- Marine Security Training
- Media Training
- Occupational Health and Safety Committee Training
- Offshore Fire Team Training/Recurrent
- Offshore Survival Induction
- Personnel Development
- Radiation Safety/Norm Training
- TapRoot Incident Investigation Training
- Well Control

Local educational and training facilities continue to play a key role in Hibernia's training plans. Institutions such as Memorial University of Newfoundland, Marine Institute and College of the North Atlantic, are valuable training providers to Hibernia. A large percentage of Hibernia's regulatory and safety training requirements can be met by these institutions. Hibernia continued 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 needs.

HMDC continued to help develop students for future careers in the oil industry through the Co-operative Education Programs offered by local training institutions. In 2012, 29 work terms were provided to students from various disciplines. In total, these placements resulted in an estimated 116 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 (26 students)
- College of the North Atlantic (3 students)



Section 6.0 – Research and Development (R&D)

Below is a partial summary of 2012 Research & Development (including Education & Training) activities related to the Hibernia Project. Full details of the expenditures made to meet the R&D Expenditure requirements set out in the C-NLOPB's Guidelines for Research and Development Expenditures are provided in the annual R&D Expenditure Report to the C-NLOPB.

R&D Projects

- Enhanced Oil Recovery (EOR) Project
 - Development of modified EOR concepts and associated piloting
 - 2012 funding included payments to Memorial University towards the Enhanced Oil Recovery Lab and for EOR research
- Contribution to Centre for Arctic Resource Development (CARD)
- Joint Industry R&D Projects
 - Dual Polarized Radar
 - Enhanced Satellite Radar
 - Enhanced Iceberg and Sea Ice Drift Forecasting
 - Ice Loads on Floating Structures
 - Marine Dredge Disposal - Measuring Recovery
 - Bioindicators for Health of Marine Species
 - Total Enclosed Motor Propelled Survival Craft (TEMPSC) Towing/Sheltering/Recovery
 - Arctic and Cold Climate Research Facility
 - Enhancing the Operability of Offshore Personnel Transfer
 - Safety Simulation
 - Escape, Evacuation, and Rescue in Ice Phase 2
- Iceberg Shape Profiling
- Iceberg Impact Study

Section 7.0 – Education & Training Capacity and Infrastructure Activities

- Choices for Youth – Train for Trades Program
- Memorial University Industrial Chair in Geosciences
- GEO Centre Camps, Clubs and Exhibit Enhancement
- Rovers Search & Rescue Response & Training Centre
- Manuels River Natural Heritage Society Interpretation Centre
- Contributions to Education & Training programs were also made as part of HMDC's Diversity Plan:
 - Memorial University Let's Talk Science Camp for girls
 - Women in Resource Development Corporation: Orientation to Trades and Technology Scholarships; Camp for Girls United in Skilled Trades and Operations
 - Women in Science and Engineering: Student Summer Employment Program
- Memorial University Geosciences Field School Support
- Memorial University funding for Engineering class design project
- Contribution to Marine Institute Student Remote Operated Vehicle (ROV) Competition
- SARA/Metals Testing Capacity
- Hibernia Lifeboat Simulator
- Contribution to C-CORE for an Arctic Offshore and Pipeline Engineering Course



Section 8.0 – Community Involvement

Hibernia Management and Development Company Ltd. participated in number of key events in the local community. It's employees have a history of community involvement, we try to strengthen local communities by donating time, talent or money to many organizations that provide much-needed services or that contribute to the cultural fabric or our communities. Some of the highlights from our 2012 activities include:

HMDC Charitable/Sponsorship - Ride for Dad, Bust a Move and the Newfoundland Symphony Orchestra.

HMDC through R&D announced more than \$10 Million for STEM with support for Let's talk Science, Johnson Geo Centre, College of the North Atlantic, Memorial University and Manuel's River Hibernia Interpretation Centre. Below Hibernia Management and Development Company Ltd. President, Jamie Long presents a cheque to the Johnson GEO CENTRE representatives.



Below Jamie Long, HMDC President speaking at Let's Talk for Science.





Section 9.0 – Diversity

Representation

- Representation numbers indicate a percentage of the total Project workforce, including Hibernia employees, affiliate employees, contractor agency employees, main contractors and sub-contractors

Employment Categories	Women	Aboriginal Peoples	Persons with Disabilities	Visible Minorities
Management and Supervisory	17%	2%	1%	4%
Professional and Technical	23%	1%	1%	7%
Administrative	77%	3%	3%	0%
Skilled Crafts and Trade	1%	1%	1%	0%
Other (Labour, etc.)	7%	1%	1%	0%

Implementation

- Investment contributions toward community outreach expended in 2012 totaled \$440,800. This included the distribution and implementation of previously approved and announced programming and new funding distribution.
- When compounded with initial diversity investments from 2010/2011 this totals almost \$2 million on external outreach alone
- Funding has been distributed through multiple organizations throughout the province, representing all designated groups
- Regular consultation and discussion with stakeholders has assisted in identifying additional opportunities for outreach programs
- Recruitment efforts have engaged local organizations in an effort to outreach to the broadest possible base of potential candidates
- Efforts to ensure a supportive work environment continue, for example: diversity training, and a multi-group review of sizing options for Personal Protective Equipment
- Efforts to outreach to a diverse supplier base are ongoing and involve partnership with local and national supplier diversity organizations