



Hibernia Management and Development Company Ltd.
Canada – Newfoundland and Labrador Benefits
Report
January 1 – December 31, 2014





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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.

Hibernia's commitments are monitored by the Canada-Newfoundland and Labrador Offshore Petroleum Board on a quarterly and annual basis.

Section 2.0 – Employment

As of December 31, 2014, a total of 2892 people were employed on Hibernia's operations, this includes the Hibernia Southern Extension (HSE) project, and 1266 were located offshore. This includes people employed with Hibernia and its contractors, of this 2892 or 86% were residents of Newfoundland and



Labrador when hired, while another 197 or 7 % 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, 2014. The number of females employed on Hibernia operations was 425 or approximately 15 % 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 (%) |
|--|--|---------------------|-------------------|
| 2892 | 2497 (86%) | 197 (7%) | 198 (7%) |

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 | 1390 | 106 | 130 | 1255 | 371 | 1626 |
| Offshore | 1107 | 91 | 68 | 1212 | 54 | 1266 |
| Total: | | | | | | 2892 |

**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 | 323 | 11.2% | 37 | 1.3% | 360 |
| Administration | 56 | 1.9% | 150 | 5.2% | 206 |
| Engineers | 224 | 7.7% | 40 | 1.4% | 264 |
| Technicians | 340 | 11.8% | 37 | 1.3% | 377 |



| | | | | | |
|-----------------------|------|-------|-----|-------|-------------|
| Professionals | 216 | 7.5% | 84 | 2.9% | 300 |
| Skilled Trades | 660 | 22.8% | 31 | 1.1% | 691 |
| Labor | 341 | 11.8% | 7 | 0.2% | 348 |
| Students | 24 | 0.8% | 10 | 0.3% | 34 |
| Other | 283 | 9.8% | 29 | 1.0% | 312 |
| TOTALS | 2467 | 85.3% | 425 | 14.7% | |
| Total: | | | | | 2892 |

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

Notes:

- 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*
- 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.
- Other** includes: positions that do not fit into any of the other disciplines.

**Table 2.4– Development Phase Person Hour Summary Report
HSE- 2014**

| Category | Persons Hours | Total |
|--|---------------|------------------|
| Project Management, Administration, and Engineering | 42907 | |
| Drilling | 704390 | |
| Onshore/Offshore shipping and transport | 272143 | |
| Topsides Fabrication and Integration | 88492 | |
| Pipeline, Umbilical, Installation | 11164 | |
| Subsea Systems | 169115 | |
| Project Cumulative: | | 1,288,211 |



Section 3.0 – Canadian-NL Content Estimates

The table below details actual 2014 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 | 52 | 23 | 25 | 33 | 19 | 48 |
| Other Payments | 51 | 34 | 16 | 30 | 9 | 61 |

Section 4.0 – Contracting and Procurement

For the period January 1 to December 31, 2014 Hibernia Management and Development Company Ltd. awarded ten (10) new service contracts awarded having a value greater than \$250,000. In addition, five (5) new materials contracts having a value greater than \$250,000 were awarded.

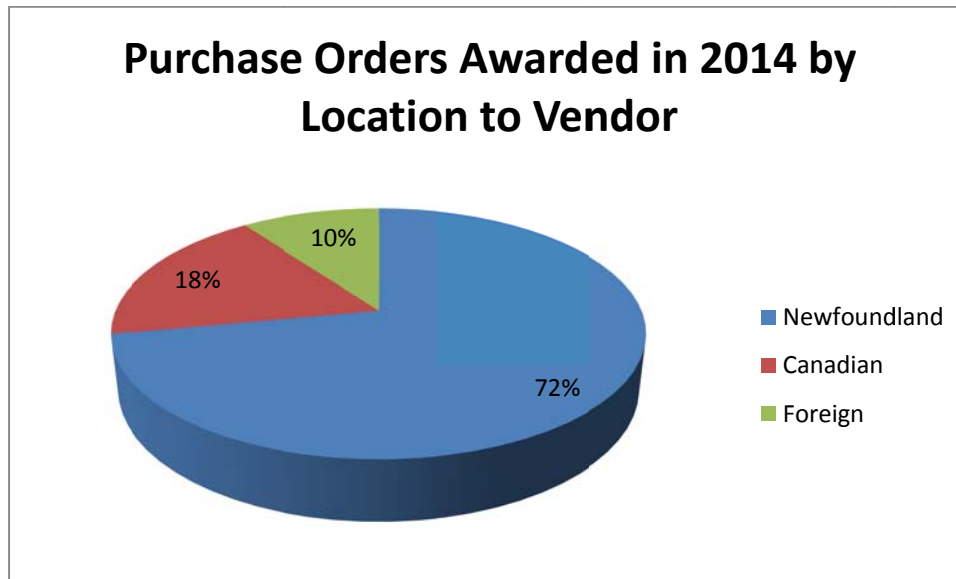
Table 4.1 – Contracting Activity

| Description | Contractor | Contractor Location (NL, Other Canada, Foreign) |
|--|-----------------------------|---|
| <u>Service Contracts:</u> | | |
| HVAC Refrigeration & Maintenance | AMEC – Black & McDonald | St. John's, NL |
| Cuttings Re-injection Service | Schlumberger/MI-Swaco | St. John's NL |
| Provision of Helicopter Services | Cougar | St. John's NL |
| R & D GeoSAR Airbourne Iceberg Detection | Fugro GeoSurvey | St. John's NL |
| Hibernia Seismic Acquisition | Western Geco Canada | Calgary, AB |
| Project Management Long term Office Plan | Borealis Consulting Inc | St. John's NL |
| Gravel Pack Services | Schlumberger Canada Ltd. | Mt. Pearl, NL |
| Third Party Inspection Services | GL Noble Denton Canada | St. John's, NL |
| Biostratigraphy Services (core analysis) | Riley Geoscience | UK |
| Telecom Services | Rignet | Houston, Texas |
| <u>Material Contracts:</u> | | |
| Supply LED Light Fixtures | Marine Industrial Lighting | Mount Pearl, NL |
| Ashcroft Pressure Gauges | K & D Pratt | Mount Pearl, NL |
| Lubes and Greases | Irving Blending & Packaging | Saint John, NB |
| System Process Filters and Miscellaneous | Hyflodraulic | Mount Pearl, NL |
| Motorola Portable Radio & ACC | Bell Mobility Inc. | Montreal, QC |



During 2014, 3838 Purchase Orders (POs) were awarded with a total value of \$18 million. The chart below summarizes the percentage of the total awarded value by location.

Figure 4.1 - Purchase Orders



Section 5.0 - Training

As stated in Section 3.0 of the Hibernia Operational Plan, “Hibernia Management and Development Company, as operator of the Hibernia installation, 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 2014, approximately \$800,000 was spent on HMDC personnel training in the Province. This cost excludes salary costs and related travel expenses. Training courses completed in the Province by HMDC personnel during 2014 include:

- Arc Flash Training
- Authorized Gas Tester
- Basic Survival Training/Recurrent
- Coxswain/Recurrent
- Confined Space Entry
- CPR Training



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- First Aid Training (various levels)
 - Fall Protection
 - Functional Safety Appreciation and Awareness
 - H2S Alive
 - High Angle Rescue
 - HMDC Online Orientation Training Modules
 - Intelatrac Training
 - Occupational Health and Safety Committee Training
 - Offshore Fire Team Training/Recurrent
 - Offshore Survival Induction
 - Personnel Development
 - Radio Operator Course
 - Rotork Technical 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 2014, 40 work terms were provided to students from various disciplines. In total, these placements resulted in an estimated 160 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 (36 students)
- College of the North Atlantic (4 students)



Section 6.0 – Research and Development (R&D)

Below is a partial summary of 2014 Research & Development (including Education & Training) activities related to the Hibernia Project. Full details of the expenditures made to meet the R&D Expenditure requirements are provided in the annual R&D Expenditure Report to the C-NLOPB.

- Contribution to the Marine Institute for the Offshore Operations Simulator
- Contribution to Centre for Arctic Resource Development (CARD)
- HSE Legacy Project
- Hibernia Gas Utilization Project
- DIRKS Enhancement Project
- Personal Light Beacon Project
- Certification and Safety Oversight Management System
- Joint Industry R&D Projects
 - Dual Polarized Radar
 - Enhanced Satellite Radar
 - Managing and Towing Large Icebergs
 - Ice Gouging and Testing
 - Marine Dredge Disposal - Measuring Recovery
 - Bioindicators for Health of Marine Species
 - Assessment of Subsea Leak Systems
 - Helicopter Ditching-Preventing Inversion
 - Post Egress Survival Skills in Low Light Conditions
 - Nocturnal Migratory Bird Behavior
 - Safety Boat Simulator
 - Safety Simulation
 - Impact of Seismic on Shrimp Behavior

Section 7.0 – Education & Training Capacity and Infrastructure Activities

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

- Women in Resource Development Corporation (WRDC) initiatives
- Memorial University of Newfoundland (MUN's) Girl Quest Project
- Development of the Arctic Offshore and Pipeline Engineering course
- Choices for Youth – Train for Trades Program, support of MUN's Shad Valley Program and the Geophysics Department



Section 8.0 – Community Involvement

Hibernia Management and Development Company Ltd. supports a number of key community events throughout the year. Its 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 2014 activities include continuing contributions to the Center for Arctic Resource Development at C-CORE, joint Industry Projects on Ice Management, Bioindicators, development of a personal locator beacon, improved metocean support for offshore operations and a helicopter safety training and research facility.

Some of HMDC's notable contributions within the reporting period include, the Hibernia Enhanced Oil Recovery (EOR) Laboratory which will enable pore-and core-scale experimental investigations along with the ability to measure fluid, rock and fluid-rock properties. HMDC provided more than \$13 million in financial support for the lab, equipment and EOR research. HMDC is working with the university to develop enhanced oil recovery research capacity and capability in the province with the ultimate goal of increasing oil recovery offshore Newfoundland and Labrador. Jamie Long HMDC's President (right) is captured cutting the ribbon for the new laboratory.



In 2014 the contribution to the Enhanced Oil Recovery (EOR) laboratory at MUN was increased to supplement the program.



The picture below is a new simulator facility at the Fisheries and Marine Institute of Memorial University of Newfoundland which will provide offshore operators with advanced and customized training for the supply and support of offshore facilities and production platforms.



The Hibernia Offshore Operations Simulator Facility was made possible through a \$4.4 million investment from HMDC and \$750,000 from the Provincial Government's Infrastructure Funding Program. The Marine Institute's Centre for Marine Simulation (CMS) will train new and existing personnel at the Hibernia Offshore Operations Simulator Facility in complex tasks, such as positioning and mooring of offshore structures, supply transfers, iceberg management, seismic surveys and subsea operations. The simulator will also be used to rehearse operations and develop and evaluate procedures as part of risk assessments.

HMDC has provided more than \$700,000 to the Rovers Search and Rescue team to support the establishment of facility. The Rovers Search and Rescue team provides a critical public service with a committed group of volunteers who are now better prepared than ever to train for and respond to emergency situations.



The Fortune Head Interpretation Centre is updating and expanding its exhibit space and hired seasonal staff to enhance its educational programming, through an \$852,000 donation to Fortune Head Interpretation Centre's exhibit space and programming.



HMDC's contribution of \$600,000 to the Hibernia Training and Disaster Management Centre is the centerpiece of a successful \$2.2 million campaign to improve Canadian Red Cross Disaster Preparedness and Response Capacity in Newfoundland and Labrador.



HMDC provided \$100,000 in funding to ESTEEM Women, an organization established to encourage junior high school girls to consider careers in the skilled trades, engineering and technology fields. The funding will allow ESTEEM to establish GoSETT (Girls Interested in Operations, Science, Engineering, Trades and Technology), a program designed to provide girls with educational support, exposure to a variety of career options, and mentoring, beginning in Grade 9 but carrying through to post-secondary education.



In addition, HMDC provided charitable donations and sponsorships to Ride for Dad, Newfoundland Symphony Orchestra, Bust a Move, Goodlife Spin 4 Kids and to a STOP for Charity Program. Many of HMDC's contractors similarly provide support to local community organizations such as the tremendous support annually to the local community food bank.

Section 9.0 – Diversity

Representation

- Representation numbers indicate a percentage of the total Project workforce, including ExxonMobil employees, HMDC employees, contractor agency employees and main contractors.
- 9 of the 24 employment categories saw an improvement in the actual number of individuals representing designated groups in 2014. 5 of the 24 categories maintained the gains achieved in 2013. Overall 20 of 24 categories have seen improved representation since the Diversity Plan was implemented in 2011.
- Some of the areas in which numbers decreased actually represent promotions or development opportunities that moved individuals into different job categories within the project.

| Employment Categories | Women | Aboriginal Peoples | Persons with Disabilities | Visible Minorities |
|----------------------------|-------|--------------------|---------------------------|--------------------|
| Management and Supervisory | 14% | 0% | 1% | 8% |
| Professional and Technical | 18% | 1% | 0% | 8% |
| Administrative | 67% | 4% | 1% | 2% |
| Skilled Crafts and Trade | 5% | 1% | 0% | 3% |
| Sales and Service | 27% | 0% | 0% | 0% |
| Manual Labour | 3% | 1% | 1% | 3% |

Implementation

- When compounded with initial diversity investments from 2010/2011 a total of close to \$2.3 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 continues



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- Recruitment efforts have engaged local organizations in an effort to outreach to the broadest possible base of potential candidates
 - A comprehensive supplier diversity program is in place to support ongoing efforts to increase opportunities for diverse businesses in Newfoundland and Labrador