

**THIS AGREEMENT** is dated as of the 14 May, 2021.

BETWEEN:

**THE CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD**

**as represented by the Chief Executive Officer (CNSOPB)**

AND:

**HER MAJESTY THE QUEEN IN RIGHT OF CANADA**

**as represented by the CANADIAN ENERGY REGULATOR (CER)**

HEREINAFTER REFERRED TO AS THE "PARTIES" (plural) or "PARTY" (singular)

**PREAMBLE**

**WHEREAS** the CER wishes to contract for services to be provided by the CNSOPB;

**WHEREAS** the CNSOPB has the requisite expertise and staff to provide the contracted Services;

**WHEREAS** the CNSOPB wishes to perform the contracted Services for the CER;

**AND WHEREAS** pursuant to the *Canadian Energy Regulator Act* (CER Act) (S.C. 2019, c. 28, s. 10) and the *Northwest Territories Oil and Gas Operations Act* (OGOA) (SNWT 2014, c.14), the CER has the legislative authority and is the regulator in respect of the exploration and drilling for and the production, conservation, processing, and transportation of oil and gas within the onshore portion of the Inuvialuit Settlement Region in the Northwest Territories;

**NOW THEREFORE** the Parties hereby agree as follows to the principles and procedures in this agreement (the "Agreement") for the provision of technical advice by the CNSOPB to the CER, and the recovery of the associated costs by the CNSOPB from the CER.

**ARTICLE 1 - THE AGREEMENT**

**The Agreement**

1.1 The Parties agree that this Agreement, together with the attached schedules and any other annexes to be attached hereto, shall be read together and collectively constitute the whole agreement between the Parties.

## ARTICLE 2 - DEFINITIONS

### Definitions

#### 2.1 In this Agreement

"CER" means the Canadian Energy Regulator as established by the CER Act S.C., 2019, c. 28, s. 10.

"CNSOPB" means the Canada-Nova Scotia Offshore Petroleum Board, which, pursuant to the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation Act* and the *Canada-Nova Scotia Offshore Petroleum Resources Accord Implementation (Nova Scotia) Act*, provides oversight of operator activities in the Canada-Nova Scotia Offshore Area, including operator compliance with the statutory provisions in the areas of worker safety, environmental protection and safety, effective management of land tenure, maximizing economic hydrocarbon recovery, data collection and curation, and Canada-Nova Scotia benefits.

"Disbursements" mean incidental expenses incurred by employees of the CNSOPB in the course of providing Services to the CER to the extent that such expenses are payable to compensate employees according to the CNSOPB's rules respecting such payments.

"Fiscal Year" means a period of 12 months starting April 1 and ending on March 31.

"Records" mean any records and work product and includes books, documents, maps, drawings, photographs, letters, vouchers, notes, papers, correspondence, memorandum, plan, diagram, pictorial or graphic work, film, microfilm, sound recording, videotape, machine readable record, and any other documentary material, regardless of form or characteristics, and any copy thereof.

"Regular Hours" are routine hours of work performed by CNSOPB employees during normal business days, Monday through Friday, 7 hours per day and 35 hours per week.

"Services" mean those services provided for in the attached Schedule 'A' to this Agreement, or as otherwise agreed to by the Parties in accordance with section 6.5.

## **ARTICLE 3 - INTERPRETATION**

### **Independent Contractor**

- 3.1 The CNSOPB is an independent contractor under this Agreement. Nothing in this Agreement is to be construed as creating an agency, partnership, or joint venture relationship between the CNSOPB and the CER, or an employer/employee or master/servant relationship between the CNSOPB and any CER employees, or between the CER and any CNSOPB employees.
- 3.2 Nothing in this Agreement will derogate from or otherwise fetter the ability of the CNSOPB to regulate, administer, manage, or otherwise deal with oil and gas and related matters within its authority under any applicable legislation.
- 3.3 Nothing in this Agreement will derogate from or otherwise fetter the ability of CER to regulate, administer, manage, or otherwise deal with oil and gas and related matters within its authority under any applicable legislation.

### **No Conflict of Interest**

- 3.4 The Parties warrant that they have no conflict of interest in carrying out this Agreement. Should such a conflict arise during the term of this Agreement, the conflicted Party shall disclose the conflict immediately to the other Party, and the Parties shall discuss such conflict with a view to achieving a mutually satisfactory arrangement.

## **ARTICLE 4 - SERVICES**

### **Mechanisms**

- 4.1 The CNSOPB will provide Services to the CER upon request by the CER, subject to financial and staffing resource constraints, and in accordance with this Agreement.
- 4.2 In cases where the CNSOPB determines that it does not have sufficient resources to adequately perform requested Services, the CNSOPB will notify the CER as early as practicable.
- 4.3 The provision of the Services by the CNSOPB will be subject to instructions provided from time to time by the CER's authorized representatives.

## **Service Standards**

- 4.4 In the course of providing Services under this Agreement, the CNSOPB will ensure that every employee of the CNSOPB carrying out Services under this Agreement is qualified to do so and does so in an efficient and professional manner.

## **Applicable Laws**

- 4.5 Services provided by the CNSOPB pursuant to this Agreement will be provided in accordance with the CER's obligations pursuant to the OGOA and any other laws of general application. This Agreement does not create any new legal powers or duties, or fetter in any way the jurisdiction, powers, and duties of the Parties.

## **ARTICLE 5 - COST RECOVERY**

### **Calculation of Service Fees**

- 5.1 The CER will pay the CNSOPB for the Services it provides according to the following:

#### **Fee for Services Provided by CNSOPB Employees**

- 5.1.1 The CER will pay the CNSOPB the Hourly Rate and the Administrative Fee for each employee for each of their Regular Hours of work performed completing the Services, according to Schedule 'B' attached to this Agreement.

#### **Disbursements**

- 5.1.2 The CER will pay the CNSOPB for any Disbursements related to the Services provided, which are paid or payable to the CNSOPB staff providing those Services.

### **Invoices**

- 5.2 The CNSOPB will submit invoices to the CER on a monthly basis during each Fiscal Year, or at other times mutually agreed to by the Parties, within 30 days of the end of that month or mutually agreed period.
- 5.3 The CER will make full payment to the CNSOPB within 30 days of receiving an invoice delivered in accordance with this Agreement.

5.4 Invoices will be sent via e-mail to:

Director  
Facilities Adjudication - Central and North  
Energy Adjudication Business Unit  
Canada Energy Regulator  
Suite 210, 517 10th Avenue SW  
Calgary, AB T2R 0A8

Phone: (403) 472-6280  
e-mail: [Jess.Dunford@cer-rec.gc.ca](mailto:Jess.Dunford@cer-rec.gc.ca)

5.5 Notwithstanding any other provision of this Agreement, the obligation of the CER to make any payment under this Agreement is subject to the following:

5.5.1 The *Financial Administration Act* (R.S.C., 1985, c. F-11); and

5.5.2 Money being allocated internally by the CER for the purposes of this Agreement.

### **Invoice Information**

5.6 Where Services have been performed by CNSOPB employees, invoices shall indicate, or be accompanied by documentation sufficient to indicate:

5.6.1 The CNSOPB level of each employee providing the Services billed for;

5.6.2 The number of Regular Hours of Services provided by that employee in the billing period;

5.6.3 The annual salary applicable to that employee;

5.6.4 The nature of the Services provided by that employee;

5.6.5 All Disbursements incurred during the billing period, in an itemized format.

### **Invoice or Cost Matters**

5.7 Either Party may refer matters relating to invoicing or payment for dispute resolution in accordance with the Dispute Resolution sections of the Agreement.

## **ARTICLE 6 - SERVICE PARAMETERS**

### **Spending Limits**

- 6.1 The aggregate amount for which the CER may be made responsible to the CNSOPB for the provision of Services under this Agreement in respect of any Fiscal Year will not exceed the amount included in the CER's budget for that Fiscal Year for the purpose of this Agreement, subject to the following:
- 6.1.1 Before the CNSOPB provides any Services, the CER shall notify the CNSOPB in writing of the amount so budgeted for the Fiscal Year.
- 6.2 The CNSOPB may stop providing Services in a Fiscal Year once the CNSOPB has provided the CER with Services that cost equal to the amount budgeted by the CER for that Fiscal Year.

### **Priority Services**

- 6.3 When the CER makes more than one Services request at a time, it shall prioritize its requests. If the CNSOPB is unable to perform the Services as requested, the Parties shall agree on the order of the delivery of the Services.
- 6.4 The CER may ask the CNSOPB to perform particular Services on a priority basis and, in such a case, the CNSOPB will use reasonable efforts to accommodate the request on terms that are mutually agreeable.

### **Other Services**

- 6.5 The Parties may, in writing, agree that the CNSOPB will provide other services not included in Schedule A, and this Agreement will govern the Parties' obligations with respect to the performance of those services as if they were Services outlined in this Agreement.

## **ARTICLE 7 - INDEMNIFICATION**

- 7.1 The CER will hold harmless the CNSOPB and its employees, agents, and officers from any and all third-party claims, demands, and actions arising out of negligence or willful acts of the CER, its employees, agents, or officers.
- 7.2 The CNSOPB will hold harmless the CER and its employees, agents, and officers from any and all third-party claims, demands, and actions arising out of negligence or willful acts of the CNSOPB, its employees, agents, or officers.

- 7.3 In no event will a Party be liable to the other Party for any claim for special, punitive, incidental, indirect, or consequential loss or damage (including loss of profits, data, business, or goodwill) arising from all causes of action of any kind, including contract, tort, or otherwise, even if advised of the likelihood of such damages occurring.
- 7.4 To the fullest extent permitted by applicable law, the total aggregate liability to the CER by the CNSOPB under this Agreement, regardless of whether such liability is based on breach of contract, tort, strict liability, breach of warranties, failure of essential purpose, or otherwise, will be limited to the fees paid by the CER to the date such liability was incurred, and in any event, to no more in the aggregate than the spending limit determined pursuant to section 6.1.
- 7.5 Each Party agrees to consult with the other Party prior to negotiating, settling, or compromising any claims related to this Agreement.

## **ARTICLE 8 - INFORMATION MANAGEMENT AND DOCUMENT CONTROL**

### **Security Clearance**

- 8.1 The CNSOPB will ensure that its employees providing Services obtain the security clearance required for viewing and/or working with documents and other sources of information as required in connection with the performance of the Services.

### **Records**

- 8.2 The Parties will maintain adequate records and systems of internal control for the performance of all of their respective obligations under this Agreement.
- 8.3 All Records created by CNSOPB employees or received by CNSOPB employees from the CER, in the course of providing Services under this Agreement, become and remain in the custody of the CER. Upon request from the CER, the CNSOPB will provide all such Records to the CER.
- 8.4 The Records referred to in section 8.3 will not be disclosed by the CNSOPB without the written consent of the CER.
- 8.5 Where one Party becomes aware that a formal access to information request related to Services rendered under this Agreement has been made, it shall, as soon as possible, notify the other Party of the request.

## **Continuing Obligation**

- 8.6 The obligations of the CNSOPB and CNSOPB employees pursuant to sections 8.1, 8.2, 8.3, 8.4, and 8.5 survive the expiration or termination of this Agreement.

## **ARTICLE 9 - DISPUTE RESOLUTION**

- 9.1 Any dispute relating to this Agreement and the Services performed or to be performed pursuant to it will be referred to the CER's Vice President - Energy Adjudication and the CNSOPB's Chief Executive Officer, or their respective designates, for joint consideration and resolution.
- 9.2 If a dispute referred to in section 9.1 cannot be resolved by the representatives of the Parties described in that section, it shall be brought to the CER's Executive Vice President - Regulatory and the CNSOPB's Chief Executive Officer, or their respective designates.
- 9.3 Failing resolution of a dispute pursuant to sections 9.1 and 9.2, the Parties may pursue whatever remedies are available to them pursuant to this Agreement or available at law.
- 9.4 The provision of Services under this Agreement will continue while the dispute resolution processes described under sections 9.1, 9.2, and 9.3 are ongoing.

## **ARTICLE 10 - GENERAL**

### **No Adverse Presumption in Case of Ambiguity**

- 10.1 There shall be no presumption that any ambiguity in this Agreement be resolved in favour of either of the Parties. For greater certainty, the *contra proferentem* rule shall not be applied in an interpretation of this Agreement.

### **No Implied Obligations**

- 10.2 No implied terms or obligations of any kind by or on behalf of either of the Parties shall arise from anything in this Agreement. The express covenants and agreements contained in this Agreement and made by the Parties are the only covenants and agreements upon which any rights against either of the Parties may be founded.



## **Interpretation**

10.3 The division of this Agreement into sections and subsections, and the insertion of headings, are for convenience only.

## **Entry into Force**

10.4 This Agreement will take effect upon the date specified on page one of this Agreement.

## **Amendments and Waivers**

10.5 This Agreement may be amended at any time by the written consent of the Parties, as executed by their duly authorized representatives.

10.6 A waiver, forgiveness, or forbearance by either Party of the strict performance by the other Party of any covenant or other provision of this Agreement shall be in writing, and will not of itself constitute a waiver of any subsequent breach of that covenant or provision or any other covenant or provision thereof. The failure of a Party to require the fulfillment of any obligation by the other Party or to exercise any rights herein will not constitute a waiver or acquiescence or surrender of those obligations or rights.

## **Term**

10.7 This Agreement will terminate one year from the date of execution unless the Parties agree, in writing, to renew the Agreement.

10.8 In the event of a name change of a Party prior to the termination of the signed Agreement, the Agreement will remain valid until the termination date.

## **Languages**

10.9 The finalized Agreement shall be produced in English and French. All costs for translation will be the responsibility of the CER.

## **Termination**

10.10 This Agreement may be terminated by either Party on its giving at least three months' notice in writing to the other Party.

## Notices

10.11 Any notice or communication required to be given under this Agreement will be made in writing and will be delivered personally, sent by electronic communication or first class prepaid mail, to the addresses listed below.

If to the CER:

Director  
Facilities Adjudication - Central and North  
Energy Adjudication Business Unit  
Canada Energy Regulator  
Suite 210, 517 10th Avenue SW  
Calgary, AB T2R 0A8

Phone: (403) 472-6280  
e-mail: [Jess.Dunford@cer-rec.gc.ca](mailto:Jess.Dunford@cer-rec.gc.ca)

If to the CNSOPB:

Acting Chief Executive Officer  
Canada-Nova Scotia Offshore Petroleum Board  
8th Floor TD Centre,  
1791 Barrington Street  
Halifax, Nova Scotia B3J 3K9

Phone: (902) 422-5588  
e-mail: [CBonnell@cnsopb.ns.ca](mailto:CBonnell@cnsopb.ns.ca)

## Receipt of Notice

10.12 The date of receipt of any notice shall be deemed to be:

- 10.12.1 If personally delivered or sent by e-mail or courier, the date of delivery;
- 10.12.2 If sent by certified or ordinary mail, seven business days after mailing; and
- 10.12.3 If sent by electronic communications, 24 hours after the time of transmission, excluding from the calculation weekends and public holidays.

## **Counterparts**

10.13 This Agreement may be executed in counterparts, each of which will be deemed as an original, and all of which constitute one and the same document.

**IN WITNESS WHEREOF** the Parties have caused this Agreement to be executed as of the date first written above.

**CANADA-NOVA SCOTIA OFFSHORE PETROLEUM BOARD**  
**as represented by the Chief Executive Officer**

Original signed by

Date: 20 May 2021

**Christine Bonnell-Eisnor**  
**Acting Chief Executive Officer**  
**Canada-Nova Scotia Offshore Petroleum Board**

**CANADIAN ENERGY REGULATOR**  
**as represented by the Chief Executive Officer**

Original signed by

Date: 14 May 2021

**Gitane De Silva**  
**Chief Executive Officer**

## SCHEDULE A

### STATEMENT OF WORK TO BE PERFORMED BY THE CNSOPB

The CNSOPB is to assist CER staff with their review and analysis of the Inuvialuit Petroleum Corporation's (IPC) development plan approval (DPA) application and the included resource management plan (RMP) including any related supporting documentation and Information Requests, as directed by CER staff, in support of the IPC's Inuvialuit Energy Security Project (IESP).

Section 14 of the *Oil and Gas Operations Act* requires that a development plan be approved before issuing a license or an authorization under section 10. Section 16 of the *Oil and Gas Drilling and Production Regulations* requires that Part 2 of the DPA application include a RMP.

The development plan is a document governing the development of a pool or field. A development plan is set out in two parts, referred to as Part 1 and Part 2, as described in subsection 14(3) of the *Oil and Gas Operations Act*. The development plan is based on available data and the design concepts.

The approval of the development plan is subject to the consent of the Commissioner in Executive Council in relation to Part 1 of the development plan and any requirements that the Regulator considers appropriate or that may be prescribed.

The intent of the RMP is to provide for adequate resource management and prevention of waste, in accordance with good oilfield practice and economics principles, and to provide the operator's commitments for resource management and prevention of waste for the purposes of the development plan. The RMP supports the operator's resource management responsibilities under section 65 of the *Oil and Gas Drilling and Production Regulations*.

The RMP is expected to be based on the latest geological, geophysical, petrophysical, and reservoir information available at the time of the DPA application. The RMP should fully describe how the field or pool is intended to be produced over its life, and provide a detailed evaluation plan to address the main uncertainties, including sensitivities and alternative scenarios. The RMP also supports the operator's annual reporting requirement responsibility under section 85 of the *Oil and Gas Drilling and Production Regulations*.

If the DPA is approved, then the RMP will be valid for the life of the IESP and should be modified as new information is acquired. New data may be obtained through monitoring and assessment activities, such as geophysical programs, drilling, well evaluation, reservoir simulations, and production. The operator will be expected to ensure that all applicable data is analyzed and used to revise its understanding of the reservoir.

In their review of the DPA application, including the RMP, CNSOPB staff are expected to perform the following tasks:

1. Keep all information and documentation provided under this arrangement confidential and do not disclose it to any other person within or outside of the CNSOPB who does not need to know this information or have access to this documentation. No copies of the information and documentation shall be stored in any data or records storage and retrieval system. All copies of the information and documentation provided by CER staff shall be returned to the CER, or the CNSOPB shall certify that the information and documents have been destroyed, by the date that the Agreement terminates or another date agreed upon by the Parties.
2. Review the geoscience and reservoir components of the DPA application, including the RMP and supporting documentation and any applicable Information Requests (IRs), to determine if all necessary information is included, as required by the relevant provisions of the *Oil and Gas Operations Act* and its regulations, for the purpose of enabling an assessment of the DPA application by the CER. If the review identifies any missing or incomplete information, advise CER staff of such deficiencies.
3. Upon receipt of any further information from the IPC, review the geoscience and reservoir components of the DPA application, including the RMP, and supporting documentation and any applicable IRs, as directed by CER staff, and advise CER staff regarding whether the proposed project aligns with legislative requirements, including any concerns with the proposed project.

CNSOPB staff shall respond to requests by CER staff to clarify any advice provided by CNSOPB staff related to its review of the DPA application, including the RMP. Information and document exchange can be via MS Teams, email, or transfer of any documents electronically, between one point of contact, as agreed upon, for each of the CER and the CNSOPB.

CNSOPB staff are required to follow the procedures communicated by CER staff with respect to any confidential documents, or parts thereof, associated with the DPA application, including the RMP.

No travel or out-of-office expenses are anticipated or authorized for this statement of work without the prior agreement of the Parties.

**SCHEDULE B**  
**CALCULATION OF HOURLY RATES**

"Administrative Fee" is a supplemental cost of 40% that is levied on top of rates of pay to cover the costs of accommodation and employee benefits of federal employees. It also includes cost of services incurred by the CNSOPB to support its operating activities. Support services include, but are not limited to, the cost of providing financial, contracting and procurement, business technology, information management, information and document services, and human resources services.

The "Hourly Rate" is calculated by dividing an employee's estimated annual salary by 260 working days per year and seven hours per day. An employee's estimated annual salary is the average salary of the range of salaries in that employee's level of employment.

An example of the calculation of an employee's Hourly Rate, plus the Administrative Fee, is provided in the table below:

| CNSOPB classification | Estimated annual salary \$ | Hourly Rate \$ | Hourly Rate plus Administrative Fee \$ |
|-----------------------|----------------------------|----------------|--|
| Level 7               | 144,370                    | 79.32          | 111.05                                 |

This table could have some small rounding errors.

This Schedule will be amended by the CNSOPB from time to time to reflect salary increases and other changes in effect at the CNSOPB, such as those that may result from the CNSOPB's performance management system or classification renewal.

The CER agrees to pay the amounts set out in amended Schedules upon receipt of notification of the amendment.