

MEMORANDUM OF UNDERSTANDING ("MOU")

BETWEEN: NATIONAL RESEARCH COUNCIL OF CANADA

a departmental corporation forming part of the Government of Canada, which corporation was created by Act of Parliament, R.S.C. 1985, c. N-15, having a place of business at 1200 Montreal Road, Ottawa, Ontario, Canada K1A 0R6 (hereinafter the "NRC");

AND: CANADA-NEWFOUNDLAND AND LABRADOR OFFSHORE PETROLEUM BOARD

established jointly by the governments of Newfoundland and Labrador and Canada under the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Newfoundland and Labrador Act*, RSNL1990 CHAPTER C-2 and under the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, S.C. 1987, c.3 (hereinafter both collectively referred to as the "**Accord Acts**") having a place of business at Suite 101, TD Place, 140 Water Street, St. John's, Newfoundland and Labrador, Canada A1C 6H6 (hereinafter "**THE BOARD**").

WHEREAS, pursuant to the *Accord Acts*, THE BOARD has legislative and regulatory responsibilities for work and activities related to the exploration, development, production and transportation of petroleum in the Canada-Newfoundland and Labrador Offshore Area (herein after referred to as Offshore Area), and is mandated to oversee the exploration for and development of the hydrocarbon resources in the Offshore Area in a manner that conforms to the statutory provisions for worker safety, environmental protection and safety, effective management of land tenure, maximum hydrocarbon recovery and value, and Canada-Newfoundland and Labrador benefits.

AND WHEREAS, while the legislation does not prioritize these mandates, worker safety and environmental protection are paramount in all Board decisions.

AND WHEREAS NRC is an agency of the Government of Canada, reporting to Parliament through the Minister of Innovation, Science and Economic Development, and is mandated to support Canadian innovation by: meeting the current and longer-term research and development needs of Canadian industry; ensuring science excellence in the research work of the NRC; identifying opportunities to increase support for the technology, growth-to-scale and export needs of small and medium-sized enterprises; and actively supporting other Government of Canada entities in their goals of environmental protection, responsible resource development and delivery of benefits to Canadians.

AND WHEREAS NRC and THE BOARD, hereinafter jointly referred to as the "**Participants**" have as a common objective the desire to cooperate on matters of mutual interest that involve technological innovation, scientific methods and the application of these to evidence-based decision making processes;

THEREFORE, the Participants agree to the following:

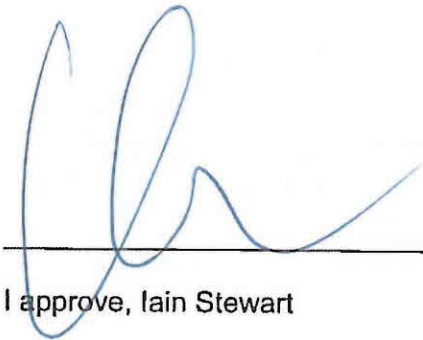
RECOMMENDATION

It is recommended that the President approve the Memorandum of Understanding with the Canada-Newfoundland and Labrador Offshore Petroleum Board by signing the two copies in Annex A.



Michel Dumoulin
Vice-President, Engineering
Date: 25 April 2018

Attachment(s): Memorandum of Understanding



I approve, Iain Stewart

I do not approve

Date:

DM

1. PURPOSE:

- 1.1. The purpose of this agreement is to provide a framework for facilitating co-operation between THE BOARD and NRC, by outlining the objectives of cooperation and identifying areas of mutual benefit that support both organization's mandates. THE BOARD gains access to expert scientific and technical advice and other services from NRC scientists and engineers, and NRC gains access to data that can be used to further the advancement of technological innovation in Canada.
- 1.2. This MOU will guide the Participants by establishing the intentions and principles of co-ordinated project activities towards complementary objectives.
- 1.3. It is not intended, nor will it be interpreted, that this MOU creates, imposes, or implies any statutory or legal duties, rights, obligations, liability, claims, or actions on or against the Participants. It is further not intended, nor will it be interpreted, that this MOU gives to the Participants any power or authority that they do not otherwise hold nor does it relieve, exclude, or prohibit the Participants from performing any duties that they are responsible for under the applicable statutory authority by which they operate. For greater certainty, this MOU is not legally binding.

2. Definitions

- 2.1. For the purposes of this MOU, the following definitions apply
 - 2.1.1. Regulatory Query - A formal request from an operator/ owner to the Chief Safety Officer and/ or Chief Conservation Officer for clarification on or a deviation from a regulatory requirement.
 - 2.1.2. Project Agreements – A legally-binding agreement, developed for the provision of fee-per-service and/or collaborative research projects in which one or both Participants make technical and/or financial contributions, to be negotiated on a project-by-project basis.
 - 2.1.3. Offshore Operators – An entity that carries out petroleum related-work or activities in the Offshore Area pursuant to a licence and authorization issued by the Board

3. OBJECTIVES

- 3.1. The MOU provides a mechanism for the Participants to work cooperatively towards objectives of mutual interest including, but not limited to:
 - 3.1.1. Evaluation of project eligibility for research and development under the Canada-Newfoundland and Labrador Benefits Plan Guidelines, as amended from time to time.
 - 3.1.2. Performance evaluations of existing and/or new technologies supporting the regulation of the offshore petroleum sector.
 - 3.1.3. Identification of opportunities and/or approaches that may strengthen the safety and environmental protection aspects of offshore petroleum activities, through advancement of science and technology and standards development.
 - 3.1.4. Promotion of information sharing, dissemination, and knowledge transfer, between

themselves, and where permissible, with industry, academia, other organizations, and the public at large, subject to legislative and regulatory requirements, relevant proprietary rights and confidentiality obligations owed to any third parties.

- 3.2. The forms of cooperation covered by this MOU may include, but are not limited to: undertaking of activities as part of strategic research collaborations; coordinated or joint projects; exchange of information exchange of data; and the provision of technical advice.
- 3.3. This MOU defines the general principles of cooperation.
- 3.4. Participants are committed to open communications and sharing information with each other, as appropriate, to create an environment that fosters continuous improvement.

4. SCOPE OF ACTIVITIES

- 4.1. NRC has extensive capabilities across its numerous research divisions that are available to support THE BOARD. These capabilities include, for example, expertise in naval architecture, marine technologies, material degradation, oil degradation, fire systems, engine performance, human factors, as well as extensive facilities used to support performance evaluations, research and development in these many areas.
- 4.2. THE BOARD may request the technical advice and/or consultative assistance of NRC in areas that may include, but not be limited to:
 - a) the review of Regulatory Queries;
 - b) the review of Canada-Newfoundland and Labrador Benefits Plan research and development projects including their eligibility and make recommendations for the setting of research priorities by any research body where mechanisms for consultation do not already exist;
 - c) the technical review of new international standards;
 - d) the evaluation of environmental response capabilities;
 - e) establishment of research and development roadmaps to support regulatory activities and standards development;
 - f) other areas of interest upon mutual agreement.NRC will use its best efforts to provide assistance when it is requested for areas listed in 4.2.
- 4.3. The Participants seek to collaborate on matters concerning research relevant to the Offshore Area. Such collaborative scientific research activities may include, but not be limited to, those areas listed in 4.4, 4.5, 4.6, 4.7, and 4.8.
- 4.4. THE BOARD may engage in collaborative research with NRC for engineering research and/or feasibility studies, such as, but not limited to, performance evaluations of tools and technologies submitted by industry for consideration of THE BOARD.
- 4.5. Subject to paragraph 6.1, NRC may request data such as, but not limited to, the oceanographic, meteorological and ice data collected by offshore operators in the course of their activities as it becomes available to THE BOARD, on an annual basis, to support its research activities.
- 4.6. NRC, in establishing its research priorities, may consult with THE BOARD and take into consideration, requirements arising from oil and gas related activities in the Offshore Area.
- 4.7. THE BOARD may, at its discretion and availability and upon invitation by NRC, participate as a steering committee member in areas of research carried out by NRC that are relevant for THE BOARD's mandate.

- 4.8. The NRC may, at its discretion and availability and upon invitation by THE BOARD, participate in meetings and/or events held by THE BOARD to examine areas of research that are relevant for THE BOARD's mandate.
- 4.9. NRC agrees to consider extending invitations, as appropriate, for the Board to attend seminars hosted by NRC that are relevant for THE BOARD's mandate.
- 4.10. Projects and services between the Participants may include NRC technical or research services provided to THE BOARD on a fee-per-service basis, and/or collaborative research projects in which both Participants make technical and/or financial contributions. Each project of this type will be conducted under a separate, legally-binding Project Agreement, to be negotiated on a project-by-project basis.

5. INTELLECTUAL PROPERTY

- 5.1. Intellectual Property (IP) ownership and rights will be governed by the terms in each separate legally binding project agreement, including but not limited to ownership, use rights, and intellectual property protection. It is not possible to pre-determine these terms without understanding the Background and Arising IP of each project and the relative technical and financial contributions of the contracting parties.
- 5.2. Intellectual Property developed by NRC employees is owned by the Crown at the time of creation and inventions are governed by the Public Servants Inventions Act.
- 5.3. NRC is able to make rights to IP available for use through licensing. Exceptionally, NRC may assign inventions, but no other IP rights.

6. CONFIDENTIALITY

- 6.1. Data provided to NRC by THE BOARD is subject to the provisions of the Accord Acts relating to privilege and Informant Disclosure as well as the federal Privacy Act and the Access to Information Act.
- 6.2. Data provided to THE BOARD by NRC is subject to the federal Privacy Act and the Access to Information Act.

7. CONFLICT OF INTEREST

- 7.1. Each Participant will disclose to the other situations where a conflict of interest, perceived or real, could exist.
- 7.2. NRC will disclose to THE BOARD when NRC has been or may be hired by offshore operators to provide technical support for their activities.
- 7.3. Where a conflict of interest may be deemed to exist, appropriate mitigation of the situation will be discussed with THE BOARD. Options for mitigation will be brought forward and an agreed-upon solution will be documented.

8. EXTERNAL COMMUNICATIONS

- 8.1. The Participants agree to actively seek opportunities to present this collaborative relationship,

its benefits, and success stories to external stakeholders. As appropriate, announcements and press releases covering activities under this MoU will be made jointly with THE BOARD and NRC following their respective communication protocols.

9. FINANCIAL

- 9.1. The Participants recognize that entering into activities under this MOU will be subject to and dependent upon the availability of their respective funds, personnel and operational requirements.
- 9.2. It is anticipated that NRC will consider making in-kind investments towards those collaborative projects within the scope of NRC's programs, in which NRC can identify a tangible benefit to NRC and Canada that is not otherwise achievable, subject to availability of funds.

10. GOVERNANCE

- 10.1. A Steering Committee will oversee the implementation of this MOU and will facilitate adherence to its principles and intentions.
- 10.2. The Steering Committee will be led by a Chief at THE BOARD and a Director General from NRC, Engineering, or their designated representatives. At the time of this MOU, the Steering Committee leads will consist of:

THE BOARD:

Name: Paul Alexander, Chief Safety Officer
Address: 140 Water Street, TD Building, St. John's, Newfoundland, A1C 6H6
Tel: 709-778-1410
Email: PAlexander@cnlopb.ca

NRC:

David Murrin, Director General, Ocean, Coastal and River Engineering
1 Arctic Avenue, St. John's, Newfoundland, A1B 3T5
Tel: (709) 772-2469
Email: david.murrin@nrc-cnrc.gc.ca

- 10.3. Further members of the Steering Committee will be identified by the Steering Committee leads, and include persons who represent a diverse background and range of research interests relevant to THE BOARD and NRC's joint interests.
- 10.4. A Terms of Reference will be defined upon establishment of the Steering Committee, to identify the secretariat, outcomes, tracking of milestones, etc.
- 10.5. The Steering Committee will plan sessions at least twice a year, and may invite THE BOARD staff and NRC representatives:
 - a) to identify projects to be undertaken under this MOU;
 - b) to review the status of the projects which are undertaken under this MOU and to give directions and guidance for the continuation of existing projects as well as the initiation of new projects;

- c) to discuss and resolve issues that arose on working level since the previous meeting; and
 - d) to discuss the needs for new activities to further innovation in the exploration, development, production and transportation of petroleum products in the Offshore Area.
- 10.6. The Steering Committee will resolve any differences of the interpretation and application of this MOU amicably through discussion and will not refer the dispute to any tribunal or other third party for settlement. Emergent issues should be raised at the earliest opportunity, and the Steering Committee members shall take joint coordinated actions in good faith to address the issues and to preserve the value of the relationship.

11. ENTRY INTO EFFECT, AMENDMENTS AND TERMINATION

- 11.1. This MOU will become effective on the date of the last signature by the Participants and will remain in effect for a period of five (5) years.
- 11.2. The MOU may be extended for a to-be-defined period with the written agreement of both Participants to that effect, prior to the expiry date.
- 11.3. The MOU may be terminated upon sixty (60) days written notice by either party.
- 11.4. The Participants understand that the termination of this MOU will not affect any existing Project Agreements between the Participants.

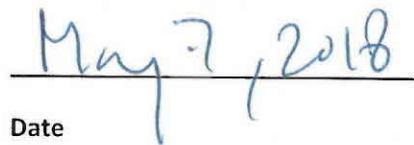
APPROVAL:

The underlying signatories represent approval of the MOU and a commitment of the respective agencies to fulfill the intent of the MOU:

National Research Council of Canada:



**Mr. Iain Stewart
President,
National Research Council of Canada**

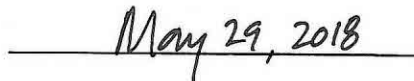


Date

Canada-Newfoundland and Labrador Offshore Petroleum Board:



**Mr. Scott Tessier
Chair and Chief Executive Officer,
Canada-Newfoundland and Labrador Offshore Petroleum Board**



Date