



CANADIAN ASSOCIATION OF OILWELL DRILLING CONTRACTORS
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May 29, 2009

The Honourable Lisa Raitt
Minister of Natural Resources Canada
c/o Mr. Michael S. Hnetka
Advisor, Natural Resources Canada
Frontier Lands Management Division
580 Booth Street
Ottawa, ON K1A 0E4

Dear Minister Raitt:

Re: *Canada Gazette, Part I, April 18, 2009 — Proposed Regulations: Canada Oil and Gas Drilling and Production Regulations, Newfoundland Offshore Petroleum Drilling and Production Regulations, Nova Scotia Offshore Petroleum Drilling and Production Regulations*

The Canadian Association of Oilwell Drilling Contractors (CAODC) is a trade association that represents drilling and service rig contractors throughout Canada, including the offshore rigs located off Canada's East Coast.

In response to the *Canada Gazette, Part I*, published on April 18, 2009, our association members have the following comments and questions:

1. The goal-oriented approach to the Proposed Drilling and Production Regulations is not uncommon in the international regulatory community. Having a consistent nation-wide regulatory approach is desirable. However, it is understood that once the regulations have been promulgated, there will be *Guidelines* developed by the government which will be pursuant to the regulations.
2. If the intention is to develop a single suite of comprehensive Guidelines for all jurisdictions, then consistency, one of the objectives of the proposed regulations will be preserved. However, *if the intention is to allow each provincial or regional jurisdiction to develop the guidelines independent of each other, the regulatory impact may well be unacceptable.*

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3. Normally there is regulatory cost impact analysis conducted as part of initiatives such as these. The results are typically conveyed to the public as part of a cost-benefit analysis. Was a cost-benefit analysis performed and what were the results?
4. We are concerned about the potential impact of the **Consequential Amendments** on the Certificate of Fitness Regulations and Installation Regulations. Given the goal-oriented approach, there will undoubtedly be an impact on the scope of work for Certifying Authorities in future. Will there be an impact on existing drilling installations at the time of the Certificate of Fitness renewal? What will be the resulting cost to industry?

Overall, CAODC applauds government's efforts to eliminate duplication in regulation and to reduce the prescriptive nature of the language. The global offshore petroleum industry is highly competitive. Canada's continued presence in this market relies heavily on our ability to maintain a stable and fair regulatory regime along with an acceptable cost structure.

Should there be any questions or concerns about this submission, please do not hesitate to contact us. Thank you for your attention to these matters.

Sincerely,



Don Herring
President



for: Kevin Roche
Chairman, CAODC Atlantic Division
Noble Drilling

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cc: Graham Bagnell — Rowan Companies, Inc. - Canadian Division
Paul Barnes — Canadian Association of Petroleum Producers
David Matlock — Transocean Offshore Canada Services Ltd.