



Newfoundland and Labrador Offshore Area

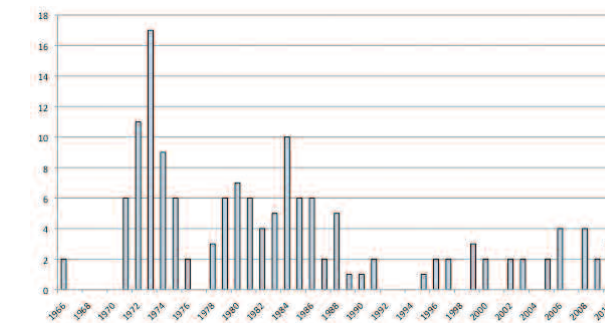
Exploration History

- Exploration began on the Grand Banks in the late 1950's with the acquisition of gravity and magnetic data.
- The first exploration 2D seismic program was conducted in 1964.
- The first exploration well in the Southern Grand Banks was drilled in 1966.
- Exploration continued through the 1970's with drilling in Labrador and the Northern and Southern Grand Banks.
- The first major oil discovery on the Grand Banks was the Hibernia Field in the Jeanne d'Arc basin in 1979.
- 3D seismic in the 1980's aided in the discovery and delineation of multiple fields and significant discoveries.
- Exploration technologies and drilling capabilities have extended the areas of interest for oil and gas exploration further offshore into deepwater basins.
- New geophysical technology, the Controlled Source Electro-Magnetic program, was acquired in 2006 for the first time.
- In total there have been over 330 exploration, delineation and development wells drilled in the offshore area to date.

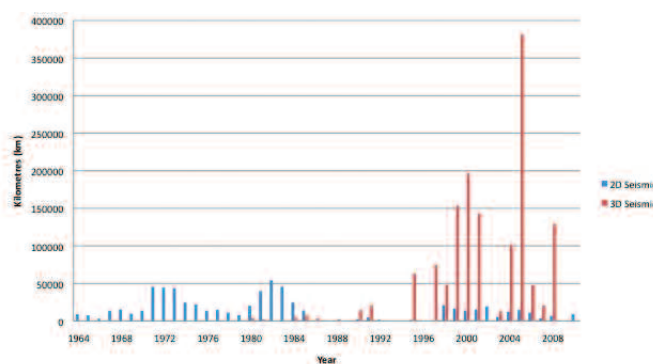
In 2010-11, there were seven geophysical programs with fieldwork. These geophysical programs account for 9,407 km of 2D seismic (including high-resolution seismic) data recorded in the offshore. Since 1964, approximately 2.1 million km of seismic data has been recorded in the Newfoundland and Labrador Offshore Area.

The C-NLOPB issues land rights in the form of exploration licences (ELs), significant discovery licences (SDLs) and production licences (PLs). As of March 31, 2011, there were 35 ELs in the Newfoundland and Labrador Offshore Area with total work commitments in excess of \$95 million. As of March 31, 2011, there were 50 SDLs and eight PLs in the Newfoundland and Labrador Offshore Area.

Offshore Exploration Wells Drilled (1966-2010)



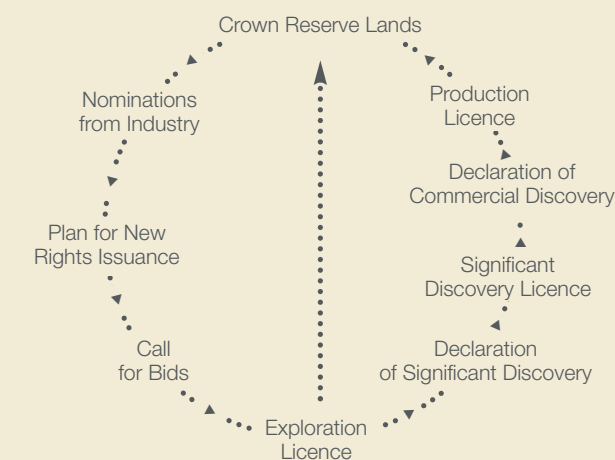
Seismic Acquired Offshore Newfoundland and Labrador Area (1964-2010)



The Core Storage and Research Centre

The C-NLOPB's Core Storage and Research Centre (CSRC) archives core, cuttings, fluid samples, petrographic and biostratigraphic slides and other geological material derived from wells drilled in the Newfoundland and Labrador Offshore Area. Reports generated from studies conducted under Board approved programs are subject to a 5-10 year confidentiality period. Once this period has expired, the reports are available to the public.

Rights Issuance Cycle



Call for Bids

Through a Call for Bids process that is subject to Ministerial approval, the C-NLOPB determines on an annual basis the offshore areas available for exploration activity. The Board issues a Call for Bids for the approved parcels, and issues exploration rights in the form of Exploration Licences for specified periods to the companies that submit the highest bids in terms of exploration work expenditure commitments.

Exploration Licence

An Exploration Licence grants the successful bidder the right to explore, drill and test for petroleum within nine years of issuance. This licence also provides the right to obtain a Production Licence, which allows the production of petroleum in available areas.

Significant Discovery

When the first well on a geological feature demonstrates, by flow testing, the existence of hydrocarbons and suggests an accumulation of hydrocarbons that have potential for sustained production, a Significant Discovery Licence can be obtained.

Commercial Discovery Declaration

A Declaration of Commercial Discovery is defined as a discovery of petroleum that has been shown to contain enough petroleum reserves to justify bringing the discovery to production.

Production Licence

A Production Licence grants the right to explore, drill, test and develop portions of the offshore area in order to produce petroleum. A Production Licence, which is good for 25 years from the effective date of issuance, also provides a title for any produced petroleum.

For information on obtaining samples or to arrange a visit,
please contact:

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