



September 30, 2011

Ms. Denise Nofall
Benefits Manager, Hebron Project
ExxonMobil Canada Properties
Suite 701 Atlantic Place
215 Water Street
St. John's, NL A1C 6C9

Dear Ms. Nofall:

Subject: Hebron Project Canada-Newfoundland and Labrador Benefits Plan

I am writing to seek clarification of two matters that have been identified early in connection with staff's ongoing review of the merits and adequacy of the Hebron benefits plan.

1) First Consideration

The Hebron benefits plan should include a policy, procedure, method or some other provision(s) that explicitly describes how the first consideration requirements of paragraph 45(3)(c) of the *Atlantic Accord* legislation will be met. As you know, this paragraph specifies that a benefits plan shall contain provisions intended to ensure that first consideration shall be given to services provided from within the Province and to goods manufactured in the Province, where those services are competitive in terms of fair market price, quality and delivery.

ExxonMobil Canada Properties, as Proponent, is also invited to report first consideration successes in respect of the Hebron project to date and to put a process in place to capture any future successes among the Proponent and its main contractors as pre-development contracting and procurement activities continue.

On a closely related matter, staff has noted that the plan states that:

EMCP will seek to (emphasis added) ensure that companies in the Province and other parts of Canada have a full and fair opportunity to compete for Hebron work, and that first consideration is given to goods manufactured in, and services provided from within, the Province where they are competitive in terms of fair market price, quality and delivery.

We have determined that the phrase “seek to” is inappropriate in the context of a commitment to abide with legislation and, accordingly, the wording should be amended so that it is consistent with the legislation.

2) Research and Development and Education and Training Expenditures

While the high level strategies and initiatives described in the plan and the Proponent’s undertaking to satisfy section 45 of the legislation in its response to the C-NLOPB’s completeness review is acknowledged, we note the Proponent still has not explicitly acknowledged the parameters and criteria for these expenditures as described in the Board’s *Guidelines for Research and Development Expenditures*.

The intention of the statutory requirement is for the Proponent to describe its plans and financial commitments to research and development and education and training in the Province. The amount of financial contribution in this area is expected to be consistent with the norms described in the Board’s guidelines.

Accordingly, ExxonMobil Canada Properties, as Proponent, is requested to explicitly acknowledge its intention to abide by the Board’s guidelines in relation to research and development and education and training expenditures.

We will continue to identify in as timely a manner as possible any other matters that require clarification from the Proponent as our staff progresses its analysis of the merits and adequacy of the plan.

In the meantime, please do not hesitate to contact us if any clarification is required.

Yours sincerely,



Jeffrey M. Bugden, P.Eng.,
Manager, Industrial Benefits,
Policy and Regulatory Coordination