



Reference Number: AMP-001-2023

VIA REGISTERED MAIL AND EMAIL

August 4, 2025

Mr. Derrick White
Legal Counsel of ExxonMobil Canada Ltd.
ExxonMobil Canada Properties
Suite 1000, 100 New Gower Street
St. John's, NL A1C 6K3

Dear Mr. White:

Re: Request for Review - AMP-001-2023

INTRODUCTION:

On May 28, 2023, the Canada-Newfoundland and Labrador Offshore Energy Regulator, (formerly the Canada-Newfoundland and Labrador Offshore Petroleum Board ("C-NLOPB")), received notification from ExxonMobil Canada Properties ("EMCP") of an incident that had occurred on the Hebron platform.

In summary, during maintenance activities, the drilling maintenance team ("DMT") were attempting to remove the luffing cylinder pin on a knuckle boom crane using a series of hydraulic jacks (30-ton, 60-ton, and 100-ton) and pin puller arrangement, while using the same threaded rod. Being unsuccessful on four attempts despite stepping up the hydraulic force, on the fifth attempt, the threaded rod parted, became projectile and was launched some 19 meters across the pipe deck. After deflecting off various railings, the rod eventually landed on a deck approximately 26 meters below. The incident had the potential for fatality.

The investigation determined that the threaded rod, weighing approximately 6.8 kg (15 lb), fractured because it was subjected to tensile loads exceeding its yield rating during three of five attempts to pull the pin. Four of these attempts also exceeded the hydraulic jacks' rated capacities.

On June 27, 2023, the Chief Safety Officer ("CSO") issued a Notice of Non-Compliance ("NNC") to EMCP, having determined there was a failure to ensure that employees had the necessary instructions, manuals, procedures, experience and training necessary for them to conduct the activity safely. The NNC detailed corrective actions to be undertaken with a compliance deadline of September 30, 2023.

On August 28, 2023, a Recommendation for Notice of Violation ("NOV") form was completed summarizing the facts of the incident, findings and identifying non-compliance with s. 17(2) and s. 72(a) of the *Newfoundland Offshore Petroleum Drilling and Productions Regulations* ("NODP"), both Type B violations under the *Newfoundland and Labrador Offshore Administrative Penalties Regulations* ("AMP" Regulations).

On September 21, 2023, the AMP Officer informed EMCP representatives of the recommendation. Both parties continued to communicate through November 16, 2023, to assemble all documentation required for the AMP Officer's assessment of the NOV recommendation.

On January 24, 2025, the AMP Officer issued a NOV, AMP-001-2023, to EMCP. The NOV set a total penalty amount of \$16,000; a base penalty of \$40,000 adjusted to \$16,000 with the application of a gravity value of -1 for two criteria:

5 "*reasonable assistance to the Board regarding violation*", and

7 "*steps taken to prevent reoccurrence of violation.*"

On January 28, 2025, following the issuance of the NOV, an EMCP representative informed the AMP Officer of an omission. The AMP Officer had not been provided an EMCP document titled "*Hebron, Response to Notice of Non-Compliance RE: 2023HEB051*", dated September 22, 2023. The AMP Officer accepted the additional documentation and, having considered the additional information provided in it, on February 13, 2025, amended the NOV by changing the gravity value under criteria # 5 to "-2", reducing the total penalty amount to \$4,000.

On February 24, 2025, EMCP filed a Request for Review pursuant to section 202.2 of the *Canada-Newfoundland and Labrador Atlantic Accord Implementation Act*, S.C. 1987 c.3 (the "*Accord Act*") in respect of the NOV, requesting a review of both the amount of the penalty and the facts of the violation. The review would be conducted by written submission only.

In accordance with the joint *CNSOPB - C-NLOPB Administrative Monetary Penalty Guidelines, October 28, 2024* (the "*Guidelines*"), documents used to support the NOV were provided to EMCP and the Review Committee on March 7, 2025.

Pursuant to subsection 202.02(2) of the *Accord Act*, the Board appointed a three-person panel (the "Review Committee"), each of whom is a member of the Board, to conduct the review. On March 12, 2025, the Review Committee issued a procedural letter, setting out the steps through which the review would be conducted.

On April 17, 2025, EMCP made their submission to the Committee, including supporting documentation. The AMP Officer made their submission, including supporting documentation on May 20, 2025, and on June 20, 2025 EMCP submitted a reply to the AMP Officer's submission to the Review Committee.

Upon confirmation that no further information would be received from the parties, the Review Committee commenced its review.

ISSUES UNDER REVIEW:

The NOV alleged that:

1. EMCP failed to ensure that a copy of all operating manuals and other procedures and documents necessary to execute the activity safely were readily accessible at the installation, contrary to Subsection 17(2) of the NODP regulations which states:

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“The Operator shall ensure that a copy of all operating manuals and other procedures and documents necessary to execute the work or activity and to operate the installation safely without pollution are readily accessible at each installation.”

2. EMCP failed to ensure that personnel conducting the activity had, before assuming their duties, the necessary training to use the equipment arrangement, contrary to Subsection 72(a) of the NODP regulations which states:

“The Operator shall ensure that all personnel have, before assuming their duties, the necessary experience, training and qualifications and are able to conduct their duties safely, competently, and in compliance with these Regulations.”

As EMCP has requested a review of both the facts of the violation and the amount of the penalty the issues under review are:

- Did EMCP fail to ensure all operating manuals and documentation were thorough, comprehensive and readily accessible at the installation?
- Did EMCP fail to ensure all personnel had the necessary instructions and training to safely conduct the work activity?
- Were the gravity values set out in Section 4 of the NOV applied in accordance with the Regulations?

DISCUSSION:

As per the *Guidelines*, the Review Committee was provided with the NOV and documentation used by the AMP Officer in consideration of the NOV, the EMCP Request for Review form, written submissions with supporting documentation from both EMCP and the AMP Officer.

EMCP asserts that, contrary to the findings of the AMP Officer, it was compliant with the statutory provisions and related regulations which it was deemed to have contravened in the NOV. EMCP noted that it implemented an audit team to review all relevant sections of its Operator Integrity Management System (OIMS). The review revealed four areas for improvement and one gap.

Additionally, the Operator advanced the argument that their response to the NNC was not admissions of regulatory violation, but rather were identifications of areas where improvements could be made. The Operator's objective was not to contest the notice but engage in an open and robust review on the facts of the incident and focus on improvement of processes and safety standards.

The Review Committee noted that while the CSO'S NNC correspondence acknowledged that EMCP had initiated the implementation of corrective actions to prevent reoccurrence, the CSO directed that the Operator conduct an audit to determine all failures and gaps in the management system that contributed to the non-compliances.

EMCP asserts that the manner in which the Board issued the NOV was contrary to its own guidelines. EMCP asserted that the Board infringed upon the duty of fairness by failing to give the Operator an opportunity to be heard before making a determination.

The AMP Officer submitted that the facts detailed in the Recommendation for NOV, which was reinforced by the *Hebron Response to NNC*, supported their conclusion that EMCP was in non-compliance with s. 17(2) and s. 72 (a) of the NODP Regulations. Their submission stated that their review was conducted independently with no breach of procedural fairness in that the Operator was given every opportunity to be heard and present documentation prior to the issuance of the NOV.

The Review Committee noted that the January 24, 2023 NOV established a total penalty amount of **\$16,000**, comprising a base penalty of \$40,000, with a total mitigating gravity value of -1 for criteria 5. “*Reasonable assistance to Board regarding violation*” and -1 for criteria 7. “*Steps taken to prevent recurrence of violation*”. Once the Operator submitted the additional document relating to the incident after the NOV was issued, the AMP Officer accepted, reviewed, and considered the information and as a result recalculated the penalty amount. Consequently, the NOV was updated on February 13, 2023, to adjust the gravity value from -1 to -2 for criteria 7. The total penalty was recalculated to **\$4000**, which comprised of a base penalty of \$40,000 with a total of mitigating gravity values of -3. This amendment demonstrates that the AMP Officer did in fact give the Operator an opportunity to be heard.

In the EMCP reply submitted on June 20, 2025, the Operator argued that the AMP Officer did not satisfy the burden of proof required by the relevant law to demonstrate a violation of the NODP regulations. The Operator stated that the AMP Officer lacked certain additional facts at the time the original NOV was issued on January 25th.

REASONING:

In their submissions both parties cited authorities on the appropriate “standard of review” to be applied in this matter. The Review Committee declines to import judicial concepts into this non-judicial proceeding. No standard of review is described in the *Accord Act* or the Regulations, and the Review Committee finds there is no need to import one for it to perform the duty assigned to it under the *Accord Act*.

In evaluating whether the AMP Officer fulfilled their burden, the Review Committee must be satisfied that each element is supported by clear, cogent, and convincing evidence. The applicable standard is the balance of probabilities. After reviewing all evidence and submissions on record, the Review Committee determined that the AMP Officer had sufficient documentation to reasonably find that, at the time of the incident, EMCP was not in compliance with the cited regulatory sections and appropriately issued the Notice of Violation and Administrative Monetary Penalty.

The Review Committee found that the AMP Officer gathered documents, acted reasonably and impartially, providing the Operator with ample opportunity for input throughout the process. Further, the Review Committee acknowledged that the AMP Officer accepted and considered information that was provided by EMCP after the issuance of the NOV and adjusted the total penalty amount accordingly.

The Review Committee concluded that the procedure available to the DMT did not include the load rating for the threaded puller rod, nor did it specify that the maximum force imposed by the hydraulic jack must not exceed the load rating of the threaded rod.

The DMT had not been provided with the requisite information, instructions or training central for the task to be completed safely. The hazard of stored energy/ejection was not identified or documented as part of the pre-job risk assessment process nor were the steps to be taken if they were unsuccessful in removing the luffing cylinder pin.

These deficiencies led to the incident and were detailed by the CSO in their June 27, 2023, NNC correspondence and subsequently verified by the Operator through implementation of the required corrective actions outlined therein.

As per the NOV:

1. "The Operator's most critical finding was that the work instruction and controlled processes related to the use of jacks and similar tools lacked operating parameters and limits, which were not documented in the work direction processes for any of the work scopes reviewed in the audit..."
2. "The audit's assessment unveiled that, despite clear craft training and platform-specific training around hazard identification specific to jacks and stored energy, the hazard mitigations were limited in the JSA and did not include the range of limitations that one should include given that training and awareness. Specifically, in 2/4 past jobs assessed, the hazards of stored energy/ejection potential were not identified. ...the Operator did identify that additional specific training in identifying hazards and understanding the risks in hydraulic jacks and accessories might have prevented this incident."

DECISION:

The Review Committee concludes that the AMP Officer established, on a balance of probabilities, that EMCP had committed a violation of s. 17(2) and s. 72(a) of the *Newfoundland Offshore Petroleum Drilling and Production Regulations*, SOR/2009-316.

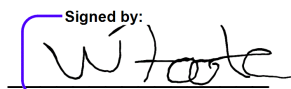
In addition, the Review Committee concludes that the penalty and assignment of gravity values were calculated in accordance with the AMP Regulations.

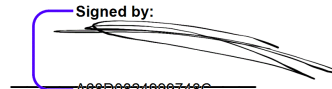
The total penalty to be paid by EMCP is **\$4,000**.

Review Committee:

Signed by:

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Kim Dunphy

Signed by:

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Wes Foote

Signed by:

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Sharon Murphy

c: Lynette Gibbons, Legal Counsel and Corporate Secretary, C-NLOER
Kent Munn, AMP Officer, C-NLOER

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