

Updated: January 8, 2008

SUBJECT

Status of the environmental assessment (EA) of the proposed Crude Oil Refinery (Southern Head Marine Terminal and Associated Works related to Crude Oil Refinery Development Proposal), Newfoundland and Labrador.

WHAT'S NEW

The Canadian Environmental Assessment Agency (the Agency) initiated the Section 22 public review period on the final comprehensive study report on December 18, 2007. The deadline for comments is January 24, 2008.

QUESTION 1

What is the status of the federal EA of the proposed oil refinery in Newfoundland and Labrador?

SUGGESTED RESPONSE

- **The Government of Canada is conducting a comprehensive study under the *Canadian Environmental Assessment Act* of components of this proposed project. This review focuses on the marine terminal, related infrastructure and disturbances to the aquatic environment.**
- **The federal review is being conducted cooperatively with the Province of Newfoundland and Labrador, which is reviewing the entire oil refinery project.**
- **The comprehensive study report has been submitted, and the Canadian Environmental Assessment Agency is providing the public with an opportunity to comment on the report.**

QUESTION 2

Why is the federal government not including the actual refinery in its EA?

SUGGESTED RESPONSE

- **The federal environmental assessment is focusing on the marine terminal, related infrastructure and disturbances to aquatic environment. These are areas where federal departments have regulatory decisions.**
- **The Province of Newfoundland and Labrador is conducting an environmental assessment of the entire refinery proposal.**
- **Environment Canada will be participating in the provincial environmental assessment, which is coordinated with the federal assessment.**
- **I am confident that the Government of Canada and the Province of Newfoundland and Labrador will work together to ensure that all aspects of this project and all related environmental effects are covered by this coordinated environmental assessment.**

Date: January 9, 2008

Approved by: Peter Sylvester/Vice-President/613-948-2665

BACKGROUND

The Project

Newfoundland and Labrador Refining Corporation (the proponent) is proposing to construct, operate and eventually decommission a 300,000 barrel per day (bbl/d) refinery that could be expanded to 600,000 bbl/d at some future date. The proponent proposes to locate the refinery at Southern Head, between North Harbour and Come-by-Chance Harbour, at the head of Placentia Bay, Newfoundland and Labrador. Although there is considerable industrial activity in this area of Placentia Bay, Southern Head is a greenfield site.

The Federal EA Process

The proponent filed a project description with the Agency on September 11, 2006, and the federal coordination process was completed on October 17, 2006. Transport Canada (TC) and Fisheries and Oceans Canada (DFO) are responsible authorities with Health Canada, Environment Canada (EC) and Natural Resources Canada as expert federal authorities. The track decision memo and letters were signed on May 22, 2007, indicating that the assessment would continue under the comprehensive study process.

TC's scope includes all project components related to the marine terminal [causeway, access trestle, jetty (phase 1), jetty expansion (phase 2)], heavy lift dock, tug basin, desalination plant intake and outfall into the marine environment, and the stream crossing over Come By Chance River.

DFO's scope includes all project components related to the marine terminal (causeway, access trestle, jetty (phase 1), jetty expansion (phase 2)), heavy lift dock, tug basin, dam and intake on the system of ponds, the marine intakes and outfalls, and the stream crossing structures for the access road and pipelines; drawdown of the system of ponds as a result of water extraction; and infilling of streams and ponds within the refinery footprint.

The Provincial EA Process

The proponent registered the development proposal with the Newfoundland and Labrador Department of Environment and Conservation on October 30, 2006. On December 11, 2006, the provincial Minister of Environment and Conservation announced that an Environmental Impact Statement (EIS) would be required for the proposal. DFO, TC and EC representatives were participants on the provincial assessment committee that developed the EIS guidelines. The provincial scope will include the entire development proposal. The EIS was submitted to the provincial government on July 27, 2007, and subject to a 50-day public consultation period which ended on September 15, 2007. This review period was also used to satisfy section 21.2 consultation requirements of the *Canadian Environmental Assessment Act*. Subsequently, amendments to the EIS were requested and received by the proponent. The provincial Minister of Environment and Conservation's decision date for the EIS amendment is January 17, 2008. The federal EA will continue to be coordinated, to the extent possible, with the provincial process.

Other Issues

Assessment of cumulative effects will be important for this project due to the considerable infrastructure in Placentia Bay including the existing 105,000 barrel per day refinery, the Whiffen head transshipment terminal and the proposed Grassy Point LNG Transshipment and Storage Terminal project also undergoing federal EA.

Communities in the area are generally positive about the economic benefits associated with the refinery. However, during the federal EA process, concerns have been voiced about the increase in shipping traffic in Placentia Bay and associated oil spill prevention and response preparedness, and fish harvesters have expressed concern about potential loss of fishing grounds.

There are currently several other refinery proposals in varying stages of development in the Atlantic region. Timing for development of the refinery is critical in order to compete successfully and take advantage of current market demand. Any perceived delays caused by the federal EA will likely be criticized and political pressure from the Newfoundland and Labrador government is a possibility.