

NO. 5

MAJOR FRONTIER
PROJECT APPROVAL

THE GOVERNMENT VIEW

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1981

TO THE

ARCTIC PETROLEUM OPERATOR'S ASSOCIATION

FRONTIER OIL & GAS DEVELOPMENT CONFERENCE

THE GOVERNMENT VIEW (I)

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**I WANT TO START MY DISCUSSION THIS AFTERNOON WITH THREE BASIC
ASSUMPTIONS.**

**THE FIRST IS THAT THERE WILL CONTINUE TO BE A GREAT DEAL OF PUBLIC
INTEREST AND CONCERN, NATIONALLY AND REGIONALLY, IN ENVIRONMENTAL
PROTECTION, INCLUDING SOCIO-ECONOMIC IMPACT, ON MAJOR DEVELOPMENT
PROJECTS.**

**THE SECOND IS THAT INTEREST AND CONCERN WILL FOCUS TO A VERY LARGE
EXTENT ON ACTIVITIES TAKING PLACE IN THE FRONTIER AREAS OF CANADA, THE
NORTH AND THE OCEANS. THE PUBLIC'S PERCEPTION IS THAT THESE ARE PLACES
IN WHICH A GREAT DEAL OF DAMAGE HAS NOT YET BEEN DONE. SO THEREFORE
THE OPPORTUNITY EXISTS TO PREVENT SOME OF THE THINGS THE PUBLIC FEELS
SHOULDN'T HAVE HAPPENED BEFORE. ALSO, BECAUSE OF THE PARTICULAR
SENSITIVITY OF THOSE TWO ENVIRONMENTS, THERE IS A FEELING THAT MISTAKES
ARE GOING TO BE EVEN MORE COSTLY IF THEY OCCUR THERE.**

**THE THIRD ASSUMPTION IS THAT THE PUBLIC IS GOING TO DEMAND THAT
GOVERNMENT AND, INCREASINGLY, PUBLIC INTEREST ORGANIZATIONS, BECOME**

INVOLVED IN THE PLANNING PROCESSES OF THESE MAJOR DEVELOPMENTS. THIS WILL BE DONE SO THAT PEOPLE'S EXPRESSIONS OF ENVIRONMENTAL CONCERN AND SOCIAL IMPACT CONCERN CAN BE MET BY GOVERNMENTS, THROUGH PARTICIPATION IN THE DECISIONS ON PROJECTS AT A RELATIVELY EARLY STAGE.

THE CENTRAL POINT IS THAT WHAT NEEDS TO BE STREAMLINED IS NOT THE APPROVAL PROCESS BUT THE PLANNING PROCESS FOR MAJOR DEVELOPMENT. I THINK WE HAVE TO PERCEIVE A CONTINUUM WHICH BEGINS WITH A COMPANY'S INITIAL CONCEPT OF A DEVELOPMENT BASED ON RESEARCH IT HAS UNDERTAKEN; THE PROCESS MOVES FROM THE INITIAL CONCEPT INTO GENERAL PLANNING, TO DETAILED PLANNING, TO APPROVAL, TO COMPLETION, THEN TO THE MONITORING AND COMPLIANCE STAGE. EACH OF THESE STAGES OR PHASES REPRESENTS A DECISION POINT AND AN OPPORTUNITY FOR GOVERNMENT AND THE PUBLIC TO BECOME INVOLVED. TRADITIONALLY, HOWEVER, GOVERNMENT HAS ONLY BEEN ABLE TO BECOME INVOLVED AT THE APPROVAL STAGE. THE APPROVAL STAGE IS THAT POINT WHERE AGENCIES OF GOVERNMENT APPLY REGULATIONS IN THE FORM OF APPROVALS FOR PROJECTS. THAT IS OBVIOUSLY TOWARDS THE END OF THE PLANNING CONTINUUM

THE DIFFICULTY WITH THIS IS THAT THE APPROVAL STAGE IS NOT DESIGNED TO MEET THE WIDESPREAD CONCERNS OF GOVERNMENT AND THE PUBLIC. IT IS DESIGNED TO APPLY REGULATIONS THAT TEND TO BE RATHER NARROW, VERY SPECIFIC, AND DESIGNED FOR SAFETY OR HEALTH, OR TO ENSURE COMPLIANCE WITH SOME SPECIFIC GOVERNMENT POLICY. IT DOESN'T PROVIDE A VEHICLE FOR THE SORT OF COMPREHENSIVE REVIEW THAT THE PUBLIC WANTS, NOR DOES IT

PROVIDE THE OPPORTUNITY TO INFLUENCE PLANNING DECISIONS, THAT HAVE ALREADY BEEN MADE AT EARLIER STAGES. IT ALSO COMES AT A TIME WHEN CHANGES WOULD CREATE MAXIMUM PROBLEMS FOR INDUSTRY, BECAUSE IT'S AT THE POINT WHEN THEIR PLANNING IS FINISHED AND NORMALLY IT IS ANXIOUS TO GET ON WITH IT. AS A RESULT, GOVERNMENT--AND I DON'T JUST MEAN THE FEDERAL GOVERNMENT, BUT ALL GOVERNMENTS--HAS RESPONDED BY BECOMING INVOLVED IN THE PLANNING PROCESS AT AN EARLIER STAGE THROUGH DEVELOPING ENVIRONMENTAL ASSESSMENT MECHANISMS. THE FEDERAL ENVIRONMENTAL ASSESSMENT REVIEW PROCESS IS ONE OF THEM

THE DIFFICULTY WE HAVE HAD IS THAT WE HAVE SOMETIMES APPLIED IT IN TOO LATE IN THE PROCESS, SO THAT FREQUENTLY OUR ACTIVITIES CONFLICT WITH THOSE OF THE REGULATORY AGENCIES WHO ARE GRANTING THE APPROVALS. IT CERTAINLY CONFUSES THE PUBLIC.

THERE ARE A NUMBER OF DIFFICULTIES, AS WELL, THAT RESULT FROM TRYING TO DO AN ENVIRONMENTAL ASSESSMENT OR A REVIEW AT THE APPROVAL STAGE. IT CANNOT MATERIALLY ASSIST THE QUALITY OF THE PLANNING OR THE DECISIONS THAT HAVE TAKEN PLACE AT AN EARLIER STAGE. IT ALMOST AUTOMATICALLY FORCES THE GOVERNMENT AND THE PUBLIC, IF IT IS INVOLVED, TO BE REACTIVE--AND OFTEN REACTIVE IN A NEGATIVE WAY--TO THE PROPOSALS OF INDUSTRY. IT PUTS INDUSTRY ON THE DEFENSIVE. IT HAS DONE ALL OF THE WORK; DEVELOPED THE PROPOSAL AND SUBMITTED IT TO PUBLIC SCRUTINY AND THEN HAS TO DEFEND IT. IN OTHER WORDS, IT TAKES PLACE WHEN THE PROJECT IS PRACTICALLY CAST IN STONE. IT LEAVES THE REVIEWING AGENCY EXTREMELY

LIMITED OPTIONS. THERE ARE REALLY ONLY THREE: GO; NO GO; OR TAKE THE WHOLE THING BACK AND REDESIGN IT THEN RETURN IT TO US IN THREE OR FOUR YEARS' TIME. NONE OF THOSE OPTIONS IS IDEAL FROM THE STANDPOINT OF INDUSTRY, AND CERTAINLY NOT FROM THE STANDPOINT OF MEETING THE CONCERNS THAT THE PUBLIC HAS EXPRESSED AND TO WHICH THE GOVERNMENT IS TRYING TO RESPOND.

THE SOLUTION, I THINK, IS TO DEVELOP A MECHANISM TO INVOLVE GOVERNMENT AND THE PUBLIC-INTEREST ORGANIZATIONS AT A MUCH EARLIER STAGE OF THESE PROJECT DEVELOPMENTS; TO INVOLVE THE GOVERNMENT AND THE PUBLIC IN DECIDING ON THE PRIORITIES FOR RESEARCH. THE ARCTIC PETROLEUM OPERATORS ASSOCIATION GOVERNMENT/INDUSTRY WORKSHOPS ARE A BEGINNING; THE ONE-WINDOW APPROACH IS A GOOD EXAMPLE; BUT THE PUBLIC SHOULD BE ADDED TOO. (EASTERN ARCTIC MARINE ENVIRONMENTAL STUDY HAS DONE THE SAME THING.) BEGINNING AT THAT STAGE, THERE IS A NEED FOR BASIC RESEARCH TO BE DEDICED UPON IN A COOPERATIVE WAY. BASIC RESEARCH SHOULD BE RELATED TO A GOVERNMENT POLICY FRAMEWORK, THERE SHOULD BE A GOVERNMENT POLICY FRAMEWORK WITHIN WHICH THIS PROJECT IS GOING TO TAKE PLACE, AND THAT FRAMEWORK SHOULD BE KNOWN. THE COMPANY SHOULD DEVELOP ITS CONCEPT AS COMPREHENSIVELY AND AS WIDELY AS POSSIBLE. IT SHOULD IDENTIFY THE WHOLE SCALE AND SCOPE OF ITS PROPOSAL AND ALL OF THE IMPLICATIONS THAT MIGHT FALL OUT OF IT, NOT JUST THE SPECIFIC HUMAN PROGRAM, OR THE PRODUCTION PROGRAM. IN DOING THAT, INDUSTRY SHOULD MAKE MORE EFFECTIVE USE OF ITS OWN PEOPLE WHO ARE ENGAGED IN THE SOCIAL AND ENVIRONMENTAL FIELDS.

FROM THE VANTAGE POINT OF GOVERNMENT, ONE SOMETIMES HAS THE IMPRESSION THAT THE ROLE OF SOCIAL/ECONOMIC/ENVIRONMENTAL PEOPLE IN THE MAJOR OIL AND GAS CORPORATIONS IS TO ANTICIPATE WHAT THE CORPORATION MIGHT GET HIT WITH IN A PUBLIC REVIEW, AND BE READY TO ANSWER ALL OF THE QUESTIONS, RATHER THAN BECOMING INVOLVED IN EVALUATING THE OPTIONS OPEN TO THE CORPORATION AND MAKING THE BEST DECISIONS IN THE FIRST PLACE. I REALLY FEEL THAT THE PEOPLE ENGAGED IN THAT FUNCTION IN A CORPORATION HAVE AS IMPORTANT A ROLE TO PLAY IN MAKING DECISIONS, AS THE PEOPLE WHO ARE INVOLVED IN THE ECONOMICS OF THE PROJECT, THE TECHNOLOGY ASSESSMENT, AND SO ON. ONE WOULD NOT EXPECT THAT A VICE-PRESIDENT OF MARKETING IN ANY CORPORATION WOULD BE TOLD THAT HIS JOB IS JUST TO SELL THE PRODUCT, AND THAT HE SHOULD NOT TALK TO THE RESEARCH AND DEVELOPMENT PEOPLE ABOUT WHAT THE PRODUCT SHOULD BE, BASED ON HIS OWN MARKET ASSESSMENT. I THINK THAT THE SOCIAL AND ENVIRONMENTAL STAFF IN CORPORATIONS SHOULD PLAY A MUCH MORE CENTRAL ROLE IN EVALUATING THE OPTIONS OPEN TO THEM

HAVING ESTABLISHED THAT THERE IS BASIC RESEARCH, THAT THERE IS A GOVERNMENT POLICY FRAMEWORK, THAT THERE IS A FAIRLY COMPREHENSIVE CONCEPTUAL PLAN, WE SHOULD THEN MOVE INTO PHASED REVIEW THIS SHOULD TAKE PLACE EARLY, IT SHOULD DEAL WITH CONCEPTS, IT SHOULD EITHER BE BASED ON THE INTRODUCTION OF A PARTICULAR TYPE OF INDUSTRY INTO A SPECIFIC AREA, OR BE BASED ON A FAIRLY WIDE GEOGRAPHIC REGION IN WHICH DEVELOPMENT IS BEING INTRODUCED. IT SHOULD BE DESIGNED TO PRODUCE, AT A RELATIVELY EARLY STAGE, AN APPROVAL IN PRINCIPLE ON ENVIRONMENTAL OR

SOCIAL GROUNDS. I'M NOT TALKING HERE ABOUT POLITICAL APPROVAL IN PRINCIPLE; I'M TALKING ABOUT ONE WHICH IS BASED ON AN EVALUATION OF THE ENVIRONMENTAL AND SOCIAL FACTORS RELATED TO THAT CONCEPT IN A PARTICULAR AREA AND ON CONCLUSIONS REACHED AS TO OVERALL ACCEPTABILITY.

AT THIS POINT, INDUSTRY CAN THEN MOVE INTO THE MORE DETAILED PLANNING, SPECIFIC PLANNING, WITH SOME DEGREE OF CONFIDENCE THAT THE OVERALL CONCEPT IS NOT GOING TO BE QUESTIONED. AT THE SAME TIME GOVERNMENT WOULD BE ABLE TO HAVE SOME DEGREE OF ASSISTANCE IN UNDERSTANDING WHETHER THERE WOULD NEED TO BE CHANGES TO THE POLICY FRAMEWORK WITHIN WHICH IT OPERATES.

ULTIMATELY ONE REACHES THE APPROVAL STAGE. THE REGULATORY AGENCIES WILL BE ABLE TO DO THEIR JOB SOMEWHAT MORE EFFECTIVELY BY ZEROING IN ON THE NARROWER AREAS FOR WHICH THEY ARE MANDATED AND FOR WHICH THEY HAVE THE TECHNICAL SKILLS. AND I SEE THIS SORT OF PHASED APPROACH PROVIDING A SUBSTANTIAL AMOUNT OF STREAMLINING TO THE PROCESS. DEPENDING ON THE SIZE AND SCALE OF THE PROJECT, THERE MAY BE ONLY ONE SET OF PUBLIC REVIEWS RELATING TO THE CONCEPTUAL PLAN. IF IT IS A MAJOR ACTIVITY, AS THE PLANNING ADVANCES INTO SPECIFIC PROPOSALS, THERE MAY BE A SECONDARY REVIEW RELATED TO THAT NARROWER PROPOSITION, BUT AGAIN WITH AN INCREASINGLY REFINED APPROACH TO IT.

IN TERMS OF OUR OWN OFFICE, THE FEDERAL ENVIRONMENTAL ASSESSMENT REVIEW OFFICE, THERE ARE A NUMBER OF THINGS WE HAVE TO DO AND CAN DO. I THINK THAT WE CAN GET INVOLVED AT AN EARLIER STAGE. WE ARE DOING THAT NOW IN THE CONTEXT OF THE REVIEW OF PRODUCTION OF OIL AND GAS IN THE BEAUFORT SEA. IDEALLY, WE SHOULD HAVE APPLIED THE SAME CONCEPT EVEN BEFORE EXPLORATION STARTED, BUT IN THIS CASE WE ARE AT LEAST MOVING IN THE RIGHT WAY ON QUESTIONS RELATED TO PRODUCTION. AT AN EARLY STAGE IN OUR ASSESSMENT WE HAVE TO DETERMINE THE ISSUES THAT SHOULD BE DECIDED IN THE REVIEW TO BECOME ISSUE-ORIENTED RATHER THAN JUST DEVELOPING A SHOPPING LIST OF RESEARCH TO BE PROVIDED BY INDUSTRY.

I SEE THIS AS AN OPPORTUNITY FOR THE GOVERNMENT, INDUSTRY AND PUBLIC TO COME TOGETHER AND IDENTIFY WHAT ISSUES RELATED TO A PROJECT NEED TO BE EXAMINED, TO REFINE THOSE ISSUES. THIS WOULD ALLOW EVERYONE TO BE CONCENTRATED ON BECOMING MORE FAMILIAR WITH THE FACTORS THAT RELATE TO THE ISSUES. I THINK THAT OUR REVIEW IS GOING TO HAVE TO BE BROAD ENOUGH TO ENCOMPASS SOCIOECONOMIC IMPACT. OUR EXPERIENCE TO DATE HAS BEEN THAT WHILE NATIONAL ORGANIZATIONS AND PEOPLE ACROSS THE COUNTRY TEND TO MAINTAIN A FAIRLY HIGH LEVEL OF INTEREST IN ENVIRONMENTAL PROTECTION, AS ONE GETS CLOSER AND CLOSER TO THE AREA THAT IS GOING TO BE IMPACTED BY PROPOSED DEVELOPMENT, THE CONCERN BECOMES LESS THAT OF ENVIRONMENTAL PROTECTION AND MUCH MORE THAT OF SOCIAL IMPACT. SOME OF THE SPEAKERS HAVE MENTIONED THE CONCERNS THAT THE LOCAL NORTHERN PEOPLE HAVE. SO THE PROCESS IS OBVIOUSLY WILL HAVE TO DEAL WITH SOCIAL IMPACT AS WELL. IT WOULD REQUIRE A GREAT DEAL OF WORK JUST TO DEVELOP THE

MECHANISM FOR DOING EFFECTIVE ASSESSMENTS OF SOCIAL IMPACT WITHOUT CROSSING OVER THE LINE INTO POLITICAL DECISION-MAKING. THE REVIEW PROCESS WILL ALSO HAVE TO BE GEARED MUCH MORE TO THE DEVELOPMENT OF ASSESSMENTS OF ECOLOGICAL IMPACTS RATHER THAN STRAIGHT ENVIRONMENTAL IMPACTS. ANY DEVELOPMENT PROPOSAL, JUST BY ITS VERY NATURE, IS GOING TO HAVE IMPACTS ON THE ENVIRONMENT. IT ISN'T NECESSARILY GOING TO HAVE MAJOR IMPACTS ON THE ECOLOGY IN THE AREA. WE ARE GOING TO HAVE TO ZERO IN ON THESE ECOLOGICAL PRINCIPLES AND APPLY THEM WITHIN AN ASSESSMENT.

FINALLY, I THINK THAT WE SHOULD CONCEPTUALLY SEE THAT THE PUBLIC HEARING STAGE OF EARP IS THE LAST PART OF THE OVERALL ASSESSMENT PROCESS, THAT IT TAKES PLACE AT A TIME WHEN MOST OF THE QUESTIONS SHOULD HAVE BEEN ANSWERED BY THE COOPERATIVE INVOLVEMENT IN THE PLANNING THAT I MENTIONED EARLIER. A PROCESS OF THIS NATURE, BY INVOLVING GOVERNMENT AT A MUCH EARLIER STAGE OF PLANNING, MATERIALLY ASSISTS THE PARTICIPATION OF ALL LEVELS OF GOVERNMENT THROUGH ONE SET OF PUBLIC HEARINGS. BECAUSE THE PLANNING PROCESS DOESN'T INVOLVE THE JURISDICTIONAL QUESTION, ALL LEVELS OF GOVERNMENT CAN, WITHOUT A GREAT DEAL OF DIFFICULTY, BECOME INVOLVED IN THAT PROCESS. AS I SAY, THE CENTRAL POINT IS THAT WE SHOULD NOT BE TALKING ABOUT STREAMLINING THE APPROVAL PROCESS, BUT STREAMLINING THE PLANNING PROCESS, AND HOW GOVERNMENT AND THE PUBLIC ARE GOING TO FIT INTO THAT ALONGSIDE INDUSTRY.